

Levy prepares for 'New Way'

Announcement of new party planned for June 18

LIKUD MK David Levy began practical preparations yesterday towards setting up his new party, whose tentative name will be the New Way, meeting with potential big-name candidates he expects to attract to his list.

Levy has still not declared his formal departure from the Likud, but says "there is no way back."

Levy's brother Maxim put it more bluntly yesterday, saying "there is no question about it. A new party will be set up. Why announce that we are quitting the Likud? We were pushed out crudely and that is a political fact."

He said the announcement of the new party will come at the gathering of supporters planned for June 18.

Levy aide Ya'acov Bardugo agreed that "a new party is about to be created," and he added that contacts have been instituted to recruit Transport Minister Yisrael Kessar of Labor into the new party. Kessar was not available for comment.

Another recruit Levy is interested in is former OC Northern Command Yitzhak Mordechai. The two had been close, but Mordechai has thus far failed to reply to Levy's entreaties. He is also being courted by the Likud, where a safer political future might await him.

SARAH HONIG
and LIAT COLLINS

Barring the possible star billing for Mordechai, Levy does not at this point even have any big-name possibilities. All those mentioned thus far as possible candidates are hardly charismatic vote-getters. They include Ambassador to France Yehuda Lankry, malcontent Laborite Pini Kabalo, former MK Aharon Abuhatzira (who had been urging Levy to break with the Likud), long-time Levy adviser Uri Oren, and ex-MK Michael Kleiner, a Likud malcontent.

Levy has already raised some funds abroad, especially among wealthy North African Jews. Without some prior agreement with the Likud faction, it is doubtful that he could enjoy political financing as a separate faction.

Both Levy and Likud chairman Benjamin Netanyahu strove to put their best face forward throughout yesterday.

In the Knesset, Levy sat surrounded by his supporters at one end of the MKs' cafeteria, while Likud leader Benjamin Netanyahu sat surrounded by reporters at the other.

"It's a regular Knesset day and we must look forward," Netanyahu said. At Levy's end of the room, the MKs put a brave face on the party split and clearly began planning a new party of their own.

Although Netanyahu's staff said his office has been flooded with calls congratulating him, there was an undercurrent of complaints within the Likud about the way he handled the Levy affair.

Among those who attacked him was Dan Meridor, breaking his self-imposed silence to tell reporters that had it been dealt with differently Levy might have remained in the party.

Meanwhile, Tsomet leader Rafael Eitan sent a letter to the heads of all the opposition factions, calling for them to unite in one national camp and to elect one leader for all.



Fathiya Shakaki, wife of Syrian-based Islamic Jihad head Fathi Shakaki, awaits the decision of the High Court of Justice yesterday. (Brian Rindler)

Court denies residency to wife of Jihad leader

THE state has the right to deny a residency permit to the wife of Islamic Jihad leader Fathi Shakaki, because she has de facto ceased to be an Israeli resident, the High Court of Justice ruled yesterday.

Fathiya Shakaki, who was born in Jerusalem, said afterwards that she was not surprised by the ruling, which she termed a "political decision" made "because she was somebody's wife." She insisted that she had a right to residency in "Palestine."

However, Justices Eliezer Goldberg, Ya'akov Kedmi and Tova Strasberg-Cohen based their decision not on Fathi Shakaki's terrorist activities but on the fact that his wife, who chose to follow him to Syria when he was expelled in 1988, has lived there for six years and given birth to three children there. Under the circumstances, they said, it is illogical for Fathiya to claim that she is still an Israeli resident.

Head of the Justice Ministry's

EVELYN GORDON

High Court division Nili Arad said the state will give Fathiya a week or two to organize her departure. She has been here awaiting the court's ruling since she returned to visit relatives last October, at which time her residency permit was confiscated.

Attorney Ibrahim Nasser, representing Fathiya, argued that she had been forced to leave to avoid breaking up her family. "The woman is married to a man who was expelled from the country against his will," he said. "Without this compulsion, she would never have left the country."

Furthermore, he said, the government never warned her that her extended stay in Syria could jeopardize her residency permit. "The state's position is that she deserves to lose her status because of her husband's actions," he charged.

However, Arad said that when

Fathiya chose to follow her husband, she knowingly severed her connection to Israel.

"Because he is an arch-terrorist, [Shakaki] will never be allowed back in Israel," she said. "[Fathiya] made her choice."

Furthermore, Arad said, Fathiya told General Security Service agents that she and her husband owned a four-story apartment building in Damascus — a claim which Fathiya later denied — and she produced no documentation to prove her claim that she has received neither citizenship nor permanent residency in Syria.

Fathiya said she had been in Syria the entire time as a "visitor" — something enabled by her Jordanian citizenship. However, the justices appeared skeptical of this claim.

The only way in which Shakaki's terrorist activities influenced the state's decision, Arad added, was that it saw no place for leniency "beyond the strict letter of the law" in Fathiya's case.

Treasury: Immigrant debtors cost NIS 180m.

5.5% of immigrants between 1990-'94 left country

IMMIGRANTS who came here between 1990 and 1994 and then emigrated have robbed the Treasury of some NIS180 million, according to a Treasury estimate.

The estimate, discussed in the Knesset State Control Committee yesterday, says that 30,000 of the immigrants who arrived during that four-year period, or 5.5 percent of them, later left the country.

By law, immigrants who leave within five years are obligated to repay any grants, loans or tax

exemptions they received as absorption benefits. In practice, however, the state frequently fails to recover these payments, and the Treasury estimates the losses at NIS180m.

Absorption Minister Yair Tzaban, who addressed the committee yesterday, indignantly disputed these figures. Updated data shows that in fact, only 2.2% of Soviet immigrants — constituting the bulk of the arrivals in recent

years — have left the country, he said. This is even less than the percentage of those who left during previous waves of immigration, he noted.

Surveys show that 93% of Soviet immigrants think they will probably stay here, while 75% say they will definitely stay, he added.

However, in any case it is wrong to stigmatize an entire group because of the acts of a

few, Tzaban said.

Dr. Yoel Florsheim of the Central Bureau of Statistics told the committee his organization was unable to contribute anything to the argument, because due to a foul-up in data collection at the border control checkpoints, the bureau has complete statistics on immigration and emigration only through 1992. The committee expressed shock at this statement, and decided to devote a special session to the reliability of CBS data.

SOCIAL & PERSONAL

The weekly meeting of the English-speaking Jerusalem Rotary Club will take place today, 1 p.m. at the Tower of David Museum of the History of Jerusalem, followed by a lecture by Arnold Brookstein, director of the education department.

IDF: Terrorists likely to fill self-rule areas

TOWNS from which the IDF withdraws are likely to turn into sanctuaries and training centers for terrorists, according to Brig.-Gen. Ya'acov Ami-Dror, the head of IDF Intelligence Corps Research Department.

Speaking to the Knesset Foreign Affairs and Defense Committee yesterday, Ami-Dror reportedly said that whenever the second stage of the agree-

ment with the Palestinians is implemented, they will immediately lose their motivation to curb terror activities emanating from Judea and Samaria. The current deadline for this is July 1.

He also noted that the Palestinian Authority has not prevented Hamas and the Islamic Jihad from training in the Gaza Strip and has not demanded that the training camps there be closed. Liat Collins

Knesset to vote on funds for redeployment

EVELYN GORDON

THE Knesset Finance Committee is to vote today on a NIS 300 million advance to fund the army's redeployment in Judea and Samaria.

Meanwhile, the committee yesterday approved an addition of NIS 60m. to the defense budget to cover the costs of the agreement with Jordan — primarily, a new road in the Arava.

The redeployment in Judea and Samaria, called Rainbow-2, is expected to cost NIS 908m. this year.

The committee held up the Rainbow-2 allocation a week ago, because MKs said they wanted more information. After yesterday's briefing by Deputy Chief of General Staff Maj.-Gen. Matan Vilnai, however, coalition MKs said they

were satisfied that the army was taking the necessary measures to ensure the safety of Jewish residents of the territories after the redeployment.

However, opposition MKs said they found Vilnai's briefing too vague to be reassuring.

"The PLO knows what the army plans to do, but the Finance Committee doesn't," charged Ariel Weinstein (Likud).

Shivan Shalom (Likud) charged that the army had violated the budget law by starting to move its bases without waiting for the committee's approval. Ron Nahman (Likud) said he would petition the High Court of Justice against the redeployment if it goes through.

Arafat to meet with Kohl

LAMIA LAHOUD

GERMAN Chancellor Helmut Kohl is to meet with PLO Chairman Yasser Arafat in Jericho today to discuss aid to the Palestinian Authority and bilateral agreements between the PA and Germany.

Arafat arrived in Jericho yesterday morning, and will stay there at least until Sunday, when he will meet with US Secretary of State Warren Christopher.

Germany has been channeling money to the PA in the framework of EU pledges, or through UN agencies. The Palestinians now hope Germany will sign bilateral agreements with them.

PA Economics Minister Ahmed Qreia, who will attend the meeting with Kohl today, said Germany may commit money to specific projects, mainly for infrastructure, and may agree to sign bilateral agreements for private sector projects.

Arafat will also brief Kohl on the negotiations with Israel and the Palestinian position, Qreia said.

Arafat's third visit to Jericho will be his longest stay there since he arrived in Gaza last summer.

Shooting victim demands probe

EVELYN GORDON

A HEBRON resident who was allegedly shot in the leg by a settler a year ago yesterday petitioned the High Court of Justice to force the police and the army to take action on his case.

On June 17, 1994, Ischak Abu Sanina was walking past Beit Hadassah on his way to work when, according to the petition, he was shot in the leg.

Although doctors said the bullet

was from an Uzi submachine gun, he said, no one from either the police or the army came to investigate the incident.

On August 1, he filed a detailed complaint with the police, complete with the names of two witnesses.

A month later, when Abu Sanina checked with the police, he was told the investigation was at its height. On January 15, however, he was told the case had been closed.

Haifa man killed in four-car pileup

A 58-year-old Haifa man was killed and two other people were injured yesterday in an accident involving four cars on the Nesher-Yagur road, near Haifa.

The accident occurred when one of the cars swerved into oncoming traffic, and hit another car. Two other cars also crashed into the vehicles. Gregory Yaroslavsky died at the scene, while one person suffered serious injuries and another was lightly hurt.

The Knesset

Tomorrow, Thursday, June 8, there will be a session of the Knesset, and there will therefore be no tours of the Knesset building.

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Our beloved

SHLOMO BRENDER

has passed away.
The funeral will take place today, Wednesday, June 7, 1995, at 3 p.m., at the new cemetery, Kfar Nahman, Ra'anana.

Transportation will leave at 2 p.m. from Migdalei Hayam Hatichon, Bat Yam.

His beloved wife, Judith and all his family

In deep sorrow we announce the death of our dear

HILDE LEFÈVRE

née Rothenberg

on June 4, 1995.

Greatly loved by all of us.

She bequeathed her body to science.

Kurt Lefèvre and family, Haifa

חכמת נשים ביתה

With deep sorrow, we mourn the passing of our dear mother, grandmother and great-grandmother

MIRIAM EISENBERG ע"ה

after a long, fruitful life, devoted to her family and friends.

Annette and Alvin Radkowsky and Family
Claire and Alfred Lichter and Family
Ginette and Shmuel Kirschenbaum and Family

The לידה took place Monday night, June 5 (8 Sivan).
Shiva at 22 Pinsker Street, Apt. 9, Jerusalem.

In deep sorrow, we announce the death of my beloved husband, our father, grandfather

ISRAEL (Johnny) RIESS י"ל

Wife, Hildegard Riess
Son, Ilan, and Rut Riess
Daughter, Edna, and Ami Dor-On
Grandchildren, Oren, Eilon, Liran, Itamar and Iris and all the family

The funeral took place on Monday, June 5, 1995, in Kiryat Tivon.

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Japan angry, relieved as cult guru charged

TOKYO (AP) — Closing a chapter on a national trauma, prosecutors yesterday charged doomsday cult leader Shoko Asahara and half a dozen top lieutenants with murder and attempted murder in a chilling act of urban terror — the Tokyo subway attack.

Authorities said Asahara ordered his followers to produce the nerve gas sarin and spread it on subway trains on March 20, killing 12 people and injuring more than 5,500.

Asahara, the bearded, partially blind guru of the Aum Shinri Kyo (Supreme Truth) sect, had been under interrogation since he was seized three weeks ago in a coffin-like chamber at Aum's commune in the shadow of Mount Fuji.

The 40-year-old cult leader maintains his innocence, but police say key followers have directly implicated him.

Asahara told his lawyer last night that he had expected the charges, and he repeated earlier accusations that authorities were carrying out a vendetta.

"The state aims to crush Aum," he was quoted as telling the lawyer.

The cult, in a statement issued

by its Tokyo headquarters, called the charges "truly regrettable."

Experts say the case could take decades to play itself out in the courts. Legal proceedings could begin in the autumn.

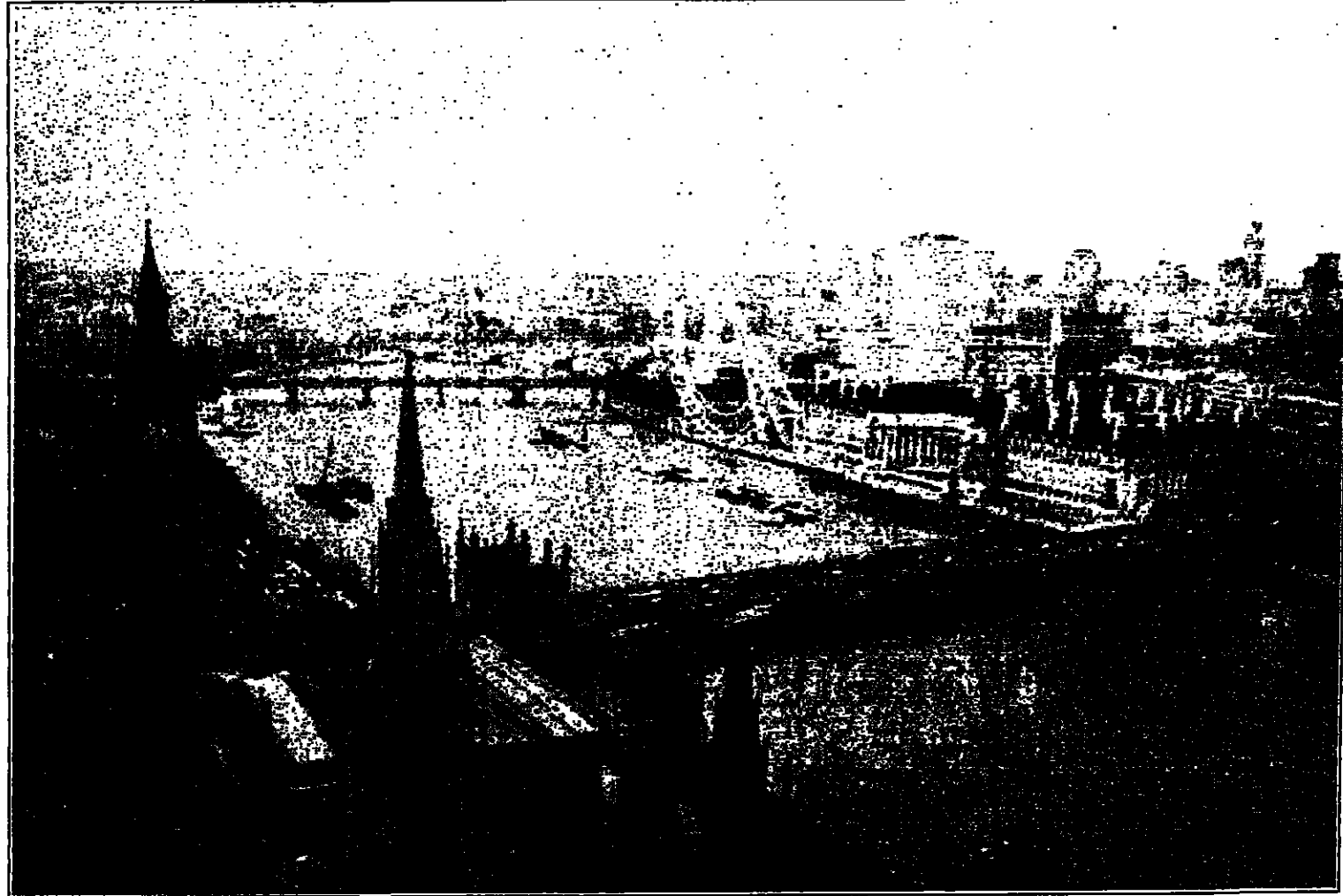
The subway saga has captured public attention in Japan like no other crime in memory. Thousands of hours of television coverage and hundreds of pages of newspaper have been devoted to the attack and its aftermath.

The attack shattered Japan's cozy illusions of safety, and set off soul-searching about some of the country's most closely held values, such as conformity and unquestioning loyalty to a group.

Commercial networks all flashed bulletins of the charges, and then switched from regular programming to live reports from in front of prosecutor's office, Aum's Mount Fuji commune and police headquarters.

Authorities took two months to arrest Asahara, carefully building a case in Japan's biggest criminal investigation ever.

They also took as long as possible to bring charges, waiting until a three-week interrogation period was about to expire.



A computer-enhanced impression shows the proposed world's largest Ferris wheel on the banks of the River Thames in London. The 157-meter high wheel has been devised as a major landmark in the British capital to commemorate the turn of the century. The plans received a boost this week with the news that a sponsor looks set to foot most of the £9.6 million bill. (Reuters)

S. Africa abolishes death penalty

JOHANNESBURG (AP) — South Africa's new Constitutional Court banned capital punishment yesterday, ending five years of uncertainty over whether more than 400 prisoners would be hanged.

The ruling was the first major decision by the court set up earlier this year to interpret South Africa's first constitution that guaranteed equal rights.

In a unanimous ruling, the 11-member court banned executions of people convicted of murder and other crimes. But Chief Justice Arthur Chaskalson, in delivering the ruling, noted the court was not asked to address the issue of punishment for treason committed during war time.

"The state is, and all its organs are, forbidden to execute any person already sentenced to death under any of the provisions thus declared to be invalid," Chaskalson said.

"Such persons will remain in custody under the sentences imposed on them until such time as the sentences have been set aside... and substituted by appropriate and lawful punishment," he said.

The ruling involved death sentences handed Thembisa Makwanyane, 36, and Mervyn Mchunu, 24, who were convicted of killing four people in an armed robbery on Aug. 31, 1990.

Their convictions came after the former apartheid regime declared a moratorium on executions in February 1990, as Nelson Mandela was released from 27 years' imprisonment to negotiate the end of white rule.

With Mandela's African National Congress and the white-led National Party, the former rulers, unable to agree on whether capital punishment should be in a new constitution, the issue was left for the courts.

"Retribution cannot be accorded the same weight under our constitution as the right to life and dignity," Chaskalson said.

Hong Kong art lovers angry over 'indecent' statue ruling

HONG KONG (AP) — With or without a fig leaf? That is the question Hong Kong art lovers were debating yesterday after a ruling that a male nude by an acclaimed British sculptress is indecent.

New Man, a 2.5-meter bronze by Dame Elisabeth Frink, was bought by a Hong Kong real estate company in 1993 and has been displayed ever since in the lobby of an office block in Central, the business district.

But earlier this year, after a complaint, the company applied to the Obscene Articles Tribunal for a ruling. Taking no chances, it covered the part in question with a cardboard leaf. Last week, the male tribunal declared the statue "indecent."

Art lovers fear the ruling will strengthen censorship just as the British colony is trying to bolster its freedoms before Chinese rule begins in 1997.

The ruling says "Hong Kong is not part of the Western world. I find this difficult to accept," said Oscar Ho, exhibition director at the Hong Kong Arts Center.

The tribunal's chairman expressed concern that *New Man* could be seen by young girls.

Government spokeswoman Lam Yuk-ling said the tribunal acted "according to public moral standards" and does not have to justify its rulings.

Bosnian Serbs start to free UN hostages

PALE (AP) — About 100 UN peacekeepers held hostage were being freed last night and more will be released in the coming days, Serbia's news agency said.

The independent BETA news agency in Belgrade quoted an unnamed high-ranking Bosnian Serb official as saying that the Serbs had received assurances from NATO, that there would be no more air raids — a key condition the West had always refused to consider.

Sources in Pale, where the Bosnian Serb leadership is headquartered, reported that peacekeepers would travel from Pale to Mali Zvornik, about 110 km northeast, just over the Serbian border.

An empty double-decker bus seating some 100 people later arrived in Bijeljina near the Serbian border and was apparently waiting to pick up hostages from the northeast Bosnian region.

Bosnia's foreign minister, complaining that foreign governments worry more about hostage peacekeepers than Bosnian civilians, said in London yesterday his government must face the possibility of UN troops being withdrawn.

"The UN mission is becoming more tenuous, both in terms of quality and potential duration," Mohamed Sacirbey said of the 22,000-strong force. "We have to keep in mind that there is a real possibility the UN mission in Bosnia could end."

He said the Bosnian government would cooperate with any UN withdrawal, but Bosnian civilians could try to stop the troops going.

"We're not going to hold peacekeepers hostage or prevent them from leaving if they think it is time for them to leave," he said.

The hostage peacekeepers had been expected to arrive after 5 p.m., but the sources said the operation may be delayed because the hostages would be traveling on police buses from outlying towns and villages.

Serbian President Slobodan Milosevic has said the remaining UN captives should be free soon. Details apparently still needed to be worked out.

Bosnian Serbs took hundreds of peacekeepers hostage after NATO warplanes attacked Bosnian Serb ammunition bunkers nearly two weeks ago.

Bosnian Serb leader Radovan Karadzic met with Greek officials and the chief of security for Milosevic, who was instrumental in getting 121 hostages released Friday.

Freeing the hostages would defuse the Bosnian Serbs' standoff with the United Nations and could strengthen Milosevic's bid to get international sanctions lifted against Serb-led Yugoslavia. The sanctions were imposed three years ago to punish Serbia for inciting war in Bosnia.

Milosevic officially severed ties with the

Bosnian Serbs in August. But his influence with them remains strong.

"The international community and all sides in the conflict should use this moment of relaxation of high tensions to... move toward peace," said a statement issued by Milosevic's office.

Carolos Papoulias, the Greek foreign minister, and Gerasimos Arsenis, Greece's defense minister, arrived on a surprise mediation mission and said they would continue talks with Milosevic.

Two people were wounded by sniper fire in downtown Sarajevo yesterday, hospital officials said. Snipers also disrupted a funeral in northeastern Sarajevo yesterday for a man killed over the weekend in a mortar blast.

Search and rescue operations continued in hopes of finding the American F-16 pilot who crashed in northern Bosnia after being shot down by a Serb missile while on a NATO air patrol.

US officials said they have been receiving signals from the pilot's communications device that could be coming from him.

"The signals alone aren't enough for us to conclude that the pilot is alive, but it is encouraging," a senior Pentagon official told reporters. "We are doing our utmost to locate these signals."

The signals could indicate that the pilot is alive, or that someone may have found his communications device.

Major calls arms-for-Iraq report a 'smear'

LONDON (Reuters) — British cabinet minister William Waldegrave said yesterday he would not resign over criticism by an official inquiry of his role in an "arms-for-Iraq" scandal as Prime Minister John Major accused the opposition of "smears."

Waldegrave has become a central figure in an affair that could severely embarrass Major and other senior ministers when the inquiry publishes its final report in the autumn.

The draft, leaked to the BBC, said Waldegrave gave untrue information to parliament about the British government's arms sales policy in the years before the 1991 Gulf War.

Asked as he left home yesterday whether he would bow to calls for him to resign, Waldegrave replied firmly: "No."

Waldegrave, now agriculture minister but a junior foreign minister in the late 1980s, said he had little to add to a statement late in which he "utterly and totally" rejected the criticisms in the draft of the much-delayed report by a senior judge, Sir Richard Scott.

Major, who said Waldegrave enjoyed his full backing, sought to defuse the latest crisis to hit his government by denouncing the leak as "malicious" and attacked opposition politicians for spreading "smears" on the basis of a preliminary report.

"It appears to have been broadcast without any opportunity for the people named in it to respond before the broadcast itself was made. I believe the people of this country will make up

their own minds about that behavior," he told parliament.

Scott, too, was angry that provisional extracts had been leaked. "He regards their publication as an improper use of confidential material," his office said. "It is the final report that will contain the judge's conclusions, not the draft."

The Daily Telegraph commented yesterday that if the final report was as explosive as the draft, the deeply unpopular government's survival could be called into question.

The Scott inquiry heard evidence from civil servants that the government had secretly relaxed its tough policy on arms sales to Iraq in the late 1980s. But Waldegrave repeatedly told members of parliament there had been no change in policy.

Major set up the inquiry to look into allegations that the government, in defiance of its own rules, turned a blind eye to arms sales to Baghdad during the Iran-Iraq war in the 1980s.

Scott's draft report says that Major, during a brief spell as foreign secretary in 1989, had sent "inaccurate" letters to members

of parliament about British defense sales to Iraq. But it blamed civil servants for briefing him incorrectly.

Waldegrave said he was confident of persuading Scott that his provisional views were wrong and unfair and should not appear in the final report. The Labor Party said the leaks could have a "seismic" effect on the government.

"William Waldegrave comes out of it very badly and if it remains this way it is difficult to see how he can avoid resigning," Robin Cook, foreign affairs spokesman for the main opposition Labor Party, said yesterday.

Even more important, Cook said, was Scott's rejection of Waldegrave's case that the government had not secretly changed its policy on arms sales to Iraq. This in effect implicated other ministers in a plot to mislead parliament, Cook argued.

"That goes to the heart of the whole inquiry because the claim of the government was that they hadn't changed their policy on selling arms to Iraq therefore they didn't need to report it," he told BBC radio.

Harold Wilson buried on Scilly Isles

ST MARY'S, Scilly Isles (Reuters) — Former British prime minister Harold Wilson was buried in a beachside cemetery yesterday, mourned by a handful of Labor politicians and dozens of friends from the secluded island he made his holiday home.

Wilson, the last leader of the Labor Party to win a general election, died on May 24 after a long illness, aged 79. He guided his party to four election victories in the 1960s and 1970s, a record unmatched this century.

"History is certain to place Lord Wilson among its parliamentary giants. At his peak — and his peak lasted for years — he dominated parliament," Lord Tony Pandy, a former Speaker of the House of Commons, said in a eulogy.

Labor leader Tony Blair was joined by James Callaghan, who succeeded Wilson when he retired unexpectedly in 1976, to pay their respects at the small St Mary the Virgin church on St Mary's Island, off the tip of south-west England.

A single bell tolled from the tower of the church as a black limousine, carrying Lady Wilson and her sons Giles and Robin, travelled from the family holiday bungalow to the church.

At Lady Wilson's request, the majority of the 300-strong congregation were islanders who gave Wilson a funeral according to the sea-faring traditions of the Scilly Isles.

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Democracy to the test: A learning experience

DIANA ELIAS
KUWAIT

POLITICAL analysts fear democracy may be the loser after a collision between the government and the opposition-dominated Kuwaiti Parliament was averted in a backroom deal last week.

But others hailed the government's acceptance of Parliament's right to review all legislation as proof that pluralism works in Kuwait, the only Arab state in the Gulf with an elected legislature.

Women are not allowed to vote, however. Abdullah al-Shayeh, a political-science teacher and adviser to the 50-member assembly, said the deal will "go down in history as a step that kept democracy intact."

The Cabinet formally announced it was withdrawing a request scheduled to go before the Constitutional Court. The court was asked to rule whether Parliament had the right to review legislation passed in its absence.

At issue were hundreds of laws enacted after the emir, Sheikh Jaber al-Ahmed al-Sabah, dismissed the legislature in 1986 for becoming too critical of the government. The body was reinstated in 1992, a year after Kuwait was liberated from Iraqi occupation.

DURING STORMY debates, members of Parliament alleged the government wanted to legitimize suspensions so it could pass controversial legislation in the future unopposed.

But parliamentarians appeared satisfied after a widely reported deal in which they promised to pass most of the 17 laws that had not yet been considered.

Since 1992, the assembly had endorsed about 500 laws passed in its absence and struck down 22.

"This was a slap in the face of democracy," said Mohammad al-Jassim, a lawyer and a political commentator. "Parliament had to approve laws that it would have refused under normal circumstances."

Some of the pending legislation dealt with pre-invasion agreements with Arab states that didn't support Kuwait in the Gulf crisis.

Ahmed al-Baghdadi, who teaches political science at Kuwait University said the deal was a "dangerous precedent" for settling disputes in side meetings rather than in plenary debate.

"The whole thing turned out to be in the favor of the government," he said.

But many deputies claimed victory, saying the deal forced the government to acknowledge Parliament's constitutional powers.

"We have saved future parliaments from political embarrassment," said Abdul Mohsen Jamal, who votes with the Shi'ite Moslem bloc.

Significantly, the scrapping of a law that triggered the most heated controversy remained unopposed. As a result, a member of the royal family will still have to stand trial in a common criminal court on charges of complicity in embezzlement during his tenure as oil minister in the late 1980s.

Still, *Al-Watan* newspaper columnist Fouad al-Hashem believed the government came out on top because of Parliament's relative inexperience in pushing through a challenge.

"What happened has shaken the image of the Parliament and shown that the government is very shrewd," he said.

"Unfortunately, our Parliament is still in Democracy 101."

(Associated Press)



Jordan's King Hussein shakes hands with IDF soldiers at Naharayim in the Jordan Valley on Monday, when he met with Prime Minister Yitzhak Rabin and German Chancellor Helmut Kohl to discuss plans to develop water resources. (AP)

Jordanian development takes off

JAPAN'S International Cooperation Agency this week signed an agreement with Jordan to conduct a study on industrialization in the kingdom's southern desert, a Japanese official said.

The study, financed by the Japanese government, will cover the social and economic aspects of Jordan, focusing on the south, Hiroshi Kato, a senior agency official, said.

"The purpose of the study is to put a master plan for the industrial development of the southern part of Jordan, including Kerak, Maan, Tafleh and Aqaba," he said.

Southern Jordan is largely undeveloped. Ninety percent of industry is concentrated around the capital Amman and in the north.

The study will include recommendations for developing the south, an area designated by Jordan as a high-priority region in its development plans.

"Our recommendations will not only cover the establishment of certain industries, but also the possibility of having free zones, improving the infrastructure and most important the incentives that should be offered for those who invest in the south," Kato said.

The visit this week by German Chancellor Helmut Kohl also underlined Jordan's hopes for German aid following the peace treaty with Israel. King Hussein has also suggested Europe should take a stronger role in the general Middle East peace process.

Jerusalem Post staff and agencies

Kohl arrived on a German air force plane and was received by Prime Minister Sharif Zeid bin Shaker.

Germany has already committed itself to paying at least 28 percent of the anticipated \$535 million tab, to be picked up by the European Union, for two dams and a desalination plant for Jordan. Kohl, Hussein and Prime Minister Yitzhak Rabin met on Monday at Naharayim, where the Yarmuk and Jordan rivers meet, to emphasize their support for the joint project, which is to give the kingdom an additional 215m. cubic meters of water annually.

"We should send a clear message to other parts of the world where blood is being shed over borders: open the borders," Kohl said. "We want an open Europe. This means that this region, which is the cradle of three world religions, should have very close ties again to our Europe," Kohl said.

The hilltop itself was part of one square kilometer of orange groves returned to the Jordanians under the October peace treaty and leased back to Israel for 25 years. There are tentative plans to make the area a jointly run resort with an artificial lake.

As to tourism in general, there is reported to be unease in the domestic industry that Jordan, with limited capacity, is being short-sighted in concentrating on the new Israeli

tourism at the expense of traditional - and more free-spending - tourists from Europe.

"Jordan can never be a destination for mass tourism," said a tour operator. "We need to target selective tourism and market our cultural, religious and archeological riches."

The small tourism industry is said to be creaking under the boom fueled by peace. Jordan's 150 tourist buses, owned by the country's sole agency, are overwhelmed by foreign and Israeli tourists drawn by the end of the 46 years of hostility.

The use of commercial buses to ease the strain has created shortages in public transport, triggering anti-Israeli outcries from some still-hostile Jordanians.

Hotels have been running near capacity since January, tour operators face a shortage of multilingual guides, and ancient sites lack infrastructure to handle the flood of visitors.

"All of this [strains capacity] because the country never expected to be running at 100%," said Khalil Adwan of Jordan's new Tourism Board, a nongovernmental agency promoting the kingdom abroad.

"If you take the first 90 days of 1995 and the same period in 1994, foreign tourism went up by 60%, excluding Israeli tourists," he said.

Despite the headaches, tourism has produced the quickest economic benefits from peace. It is the only sector on Amman's stock market to show significant gains, with investors rushing into hotel projects.

Conflict may split Islamic Jihad

MOSLEM fundamentalist sources in Beirut, and other sources connected to the Palestinian Islamic Jihad, said serious conflicts have arisen in recent months between followers of Abdul Aziz Auda, the founder and director general of the movement, and Dr. Fathi Alshkaki, the secretary-general.

They say the conflicts have developed to the point of splitting the movement.

Sources close to Auda blamed Alshkaki for "severe organizational and political mistakes and exaggerations that until now have been forbidden."

The sources claimed the mistakes have led to the resignation of more than half the members of the movement's Shura council living outside Gaza and the territories, some in Beirut and Damascus.

The movement therefore lacks leadership, said the sources, and so Alshkaki's position as secretary-general is illegitimate. The sources said that among those who had quit the Shura council were Haj Teisir Alchativ, the second founder of the movement, and Bashir Musa.

The accusations of Auda's sources against Alshkaki include leading clandestine contacts with Yasser Arafat and reaching a secret agreement for the release of Sheikh Abdullah Alshami, in return for handing over movement weapons to the Palestinian Authority. The agreement included a commitment not to instigate or carry out military action against Israel from Gaza.

The sources said Alshkaki made such promises although he has no relationship with the military Kassam wing. As a result of the agreement, Alshkaki was allowed to bring followers of his to Gaza from Libya, Algeria and other places.

Regarding allegations of organizational blunders, the sources said the most serious was wasting movement funds. They say Alshkaki stopped helping opponents and abolished their organizational, economic and political rights. The sources accused Alshkaki of being involved in serious crimes and operations against opponents, including kidnapping some of them (with the help of Fatah-Intifada led by Abu Musa), torturing them and jailing them in Lebanon.

The sources said Alshkaki does not hesitate to form political relations with any faction, Arab or non-Arab, as long as it serves his personal interests. They accused



him of going so far as to provide information about the Islamic opposition in a certain Arab state to the authorities there.

Auda's sources said a general congress of the movement will be held soon and Alshkaki will be fired. If Alshkaki refuses to leave office then it will cause a final split in the movement, which Auda wants to prevent.

The sources said the problem is now general and not just an internal procedural matter. If Alshkaki remains in office, it will threaten the existence and plans of the entire movement.

Al-Khayar (Saudi-owned)
London, May 31

UNREPENTANT SADDAM

A German pilot working for the UN team that is eliminating the massive Iraqi arsenal of weapons of mass destruction has reported that Saddam Hussein is still circumventing their efforts and ignoring the suffering of the Iraqi people to remain in power.

The pilot, Manfred Austermann, said the regime is hiding hundreds of tons of chemical and biological compounds despite the intensive efforts of the UN team to track them down.

Austermann was interviewed on May 22 by the German television network ARD. In the interview, he said the UN mission will last a long time as the regime insists on deceiving its experts and inspectors and refuses to fulfill its commitments to the Security Council.

He said the regime is simply not honest and, despite his defeat in the Gulf war, Saddam has given up none of his aggressive intentions. Not long ago, an international inspection team found huge quantities of bacteriological material that had been hidden from the UN's previous teams. The compounds were for the production of cholera, plague and tuberculosis bacteria.

Directions for the inspection operations are issued from Bahrain where a UN committee in charge of decommissioning Iraqi military installations is based.

Al-Jazeera, Saudi Arabia, June 1

Pariahs Iraq and Iran try to patch up ties

TEHERAN - An Iranian newspaper said this week there are "bright prospects" ahead for Iran and Iraq, the Gulf region's historic foes who now appear to be trying hard to bury the hatchet.

The English-language *Iran News* daily said in an editorial that this stemmed largely from US hostility toward both.

Seven years after Iran joined Iraq in accepting a UN-brokered cease-fire, the two states appear to have the political incentive and motivation to resolve their differences, the daily said.

It said the visit to Baghdad last month by an 11-man Iranian delegation led by Foreign Minister Ali Akbar Velayati's top adviser, Ali Khorram, heralded "novel prospects" for their relations.

The visit had been delayed for a year because of the June 20, 1994, bombing of the shrine of Imam Reza, one of the saints of the Shi'ite branch of Islam, in the northwestern city of Mashhad in which 26 people were killed.

Teheran initially blamed the Mujahedeen Khalq, the main opposition group which is based in Iraq. But it appeared later that the bombing was probably the work of extremists from Iran's

Sunni Moslem minority.

Khorram last week reported "positive results" from the Baghdad talks, which were a prelude to a visit by Velayati himself soon. An Iraqi delegation is expected in Teheran shortly.

Iran News's editorial underlined optimistic statements by the Iranian regime on the prospects for rapprochement between the two neighbors, who fought a war between 1980 and 1988. They have still not signed a peace treaty.

Despite the upbeat tone of Teheran's recent statements, deep differences divide the countries.

These include the fate of several thousand prisoners of war they are believed to still hold, opposition groups both allow in their territory and a dispute over the Shatt-Al-Arab waterway which forms their southern border.

Still, Khorram reported last week that the two countries have agreed to exchange information on POWs and MIAs.

Iran News said the Clinton administration's policy of "dual containment" of Iran and Iraq, unveiled in May 1993, has left the two countries with little choice but to better relations. (AP)

Sanctions unlikely to work as weapon against Iran

ANTHONY SHADID
CAIRO

IN five years, UN sanctions have ravaged Iraq's rich economy, impoverishing the vast majority of its 20 million people. Saddam Hussein, however, is still in power.

In Libya, halfhearted sanctions have done little to Muammar Gaddafi's grip on the country. And they have not achieved their goal: forcing the Libyan leader to surrender the two men wanted in the 1988 bombing of a Pan Am jet.

Now, Iran is the next target for sanctions - and in all likelihood, the next case of failure.

While sanctions are more and more favored as a foreign policy weapon, they have historically yielded few successes, often hurting those they seek to help. And with increasing frequency, the question is asked: What can be achieved with sanctions?

Even opposition figures in Iraq - those with the biggest stake in seeing Saddam's regime fall - demand they be lifted.

"It is morally unacceptable and politically irresponsible to let so many Iraqis suffer," said Laith

Kubba, a founding member of the Iraqi National Congress and a leading opposition figure.

"Sanctions keep Saddam in check but they don't hammer the pillars of his power," he said in an interview from London.

Simply put, sanctions are economic penalties imposed on a nation - prohibiting trade, freezing assets or cutting assistance - to force it to do what another nation or nations want.

Advocates say they are an important diplomatic tool, more effective than rhetoric but less devastating than war. They send a clear message to a nation flouting international mores, and often can accomplish at least something.

Skeptics, however, question their effectiveness as a stand-alone instrument. They often lead to losses of hundreds of millions of dollars to the nation imposing sanctions. The suffering they cause makes them morally

difficult to defend.

Their track record is sketchy - success one-third of the time since World War I, less so in recent years, said a 1990 study by the Institute for International Economics in Washington.

The most obvious recent failure was the sanctions against Haiti, which made the country's severe poverty even worse but didn't force out the military junta. Military strongman Lt. Gen. Raoul Cedras stepped down only as US troops were heading for Haiti.

For sanctions to work, the study says, the goals must be modest, the target weak and the sanctions quick. Always, the threat of a backlash looms - neither Iraq nor Libya are averse to using the desperate plight of millions to arouse resentment of Western nations.

In Baghdad, homeless families plead for food or money along six-lane thoroughfares. Dozens

of restaurants and night clubs have shut their doors because people are too poor to dine out.

By contrast, the military and ruling elite are doing well, thanks to Saddam's control of resources, a 1994 UN report said.

Human rights have deteriorated, and smuggling to get around the sanctions is rife. Cars and computer parts come from Jordan, diesel fuel goes to Turkey and dates to Iran.

And French and Russian firms are pursuing deals to develop Iraq's oil reserves, considered second only to Saudi Arabia, once the sanctions go. Experts say Saddam may see that as a sign of a fractured coalition.

So when does the United Nations call it quits?

The United States has demanded Iraq not only dismantle its chemical, nuclear and biological weapons systems but also improve human rights and return military equipment looted during Iraq's 1990 invasion of Kuwait.

Many suspect it is waiting for Saddam to fall as well.

(Associated Press)

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Kohl logic

AMONG today's world leaders Chancellor Helmut Kohl stands out as a man of vision, courage and great conviction. His achievements have been truly historic: He has presided over the reunification of Germany, braving the inevitable traumas and dangers inherent in such a move, and he has made the new, united Germany into one of the world's greatest economic powers. With a firm hand, he has also managed to bring manifestations of xenophobia and antisemitism in his country under control.

In foreign affairs, he has developed a close working relationship with virtually all the world powers, including such traditional rivals as Russia and France, and he has enhanced German influence throughout the globe. With consummate diplomacy, he has kept the special German-Israeli relationship intact, while bringing Bonn's relations with the Arab countries to unprecedented levels. Few contemporary leaders can boast such achievements, and if he exudes pride and self-confidence, he is entitled to. Germany's situation and his own position have never been better.

Yet there is an aspect of German policy which seriously mars this near-idyllic picture: Bonn's indifference to the involvement of major German firms in the development of Iran's military industries and Tehran's biological, chemical and nuclear warfare capabilities.

The German government routinely denies knowledge of this involvement. And it claims that, anyway, in a free country it is difficult to interfere in the activities of private firms. Resorting to the oldest excuse for collaborating

with evil, it also maintains that only through a "constructive" dialogue with Tehran can Iranian conduct be modified.

Clearly, it is calculations of profit, not evil intent, which motivates the Germans, and, as such, these are unexceptionable. It is, after all, far better to have Germany pursuing business opportunities than military adventures.

But, if nothing else, to be insouciant about the development of weapons of mass destruction in a radical Islamic state like Iran is recklessly shortsighted. Iran possesses sophisticated submarines purchased from Russia. It has acquired missile launchers and Silkworm missiles capable of delivering nuclear warheads from China. With German help it has rebuilt the Boshhar nuclear center, and it is developing the region's largest nuclear network in 10 different locations. To suppose that such a buildup threatens only Israel is to betray the kind of obtuseness the Western powers displayed in their relations with Nazi Germany in the 1930s.

In his Naharayim speech on Monday, Kohl said that peace in the Middle East would mean peace for the world. Obviously, he did not mean that treaties between Israel and its neighbors will resolve such conflicts as the war in Bosnia; but that peace in the Middle East will greatly diminish the chances of world conflagration.

But surely Kohl must realize that there is an intrinsic, irreconcilable contradiction between talking about regional peace and equipping Iran with non-conventional warfare capabilities. To use Kohl's own logic, if peace in the Middle East is good for the world, German policy on Iran is just plain bad.

Evacuate the UN peacekeepers

THE Bosnian foreign minister's comment yesterday that the governments of UN member states worry more about hostage peacekeepers than about Bosnian civilians was unfortunately a rare glimpse of truth from the Balkan mess. The minister's comment that his government must now face the reality of UN troops being withdrawn was equally pragmatic, and it was pointed enough to deflate the balloons of NATO hot air that have replaced its warplanes floating over the conflict.

Continuing attempts by the Western governments to convince the world that the UN operation is being beefed up on the ground and that the international community is ready to show some muscle at last are part of a transparent farce - couched in the well-known babble-speak of military men with nothing to do. NATO's unconvincing line that it will not give in to Bosnian Serb demands for a formal end to air strikes seemed destined for the trash can of military inexactitudes yesterday as it seemed just such a deal had been struck for the release of more UN hostages held by the Bosnian Serb Army.

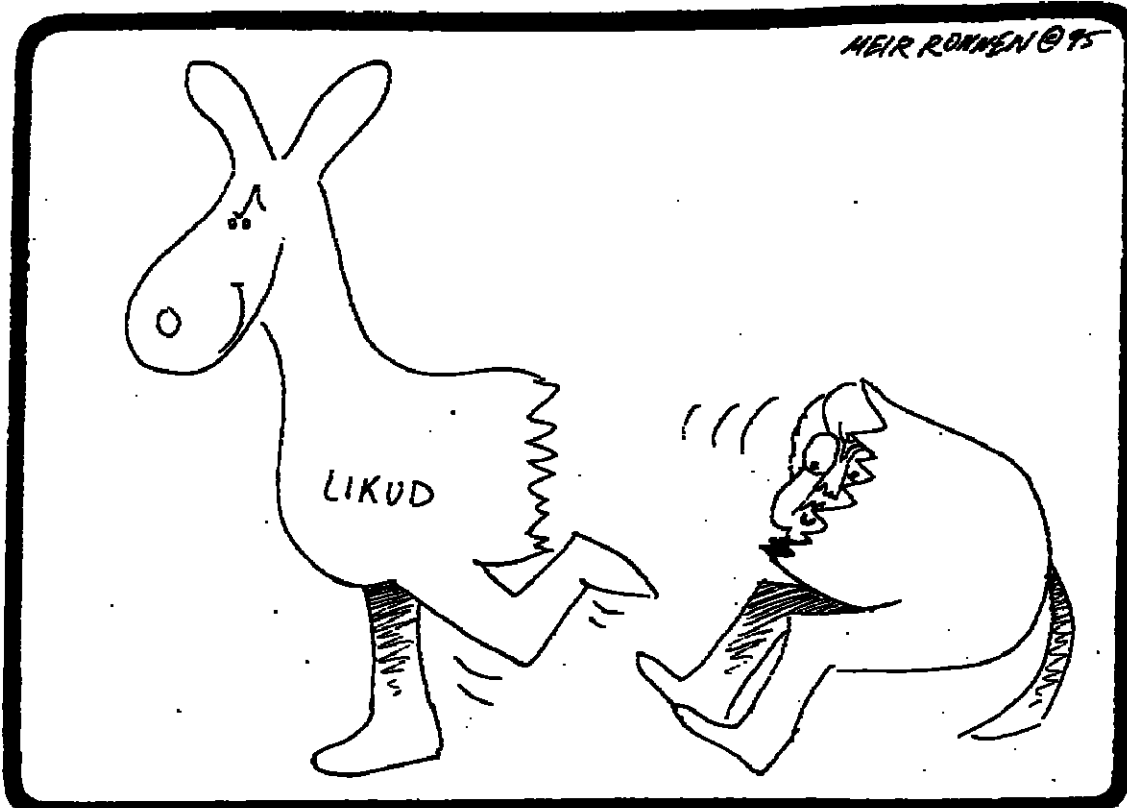
In fact, along with the negotiations for the freeing of the peacekeepers and the dispatch of oddly-named "reaction forces," it is clear that NATO is going full steam ahead not with a reinforcing operation for the United Nations, but with an evacuation plan. It might salvage some credibility if it simply said so, since no one is fooled anyway.

The international peacekeeping effort has taken a major battering. The UN has been told for two years by war-weary reporters and ana-

lysts that it would take a beating, that its mandate for policing a hot ethnic war was inadequate, that it would lose credibility as an impartial operator. Yet the organization has blundered on in the wake of the diplomatic, military and political masters of its member states. It has done some good, undeniably, on the humanitarian operation and its presence, along with the foreign press, has undoubtedly exposed and halted the worst prison camp and ethnic cleansing abuses.

However, this is the same story that came out of Somalia - the attempt to hide a major political and military disaster with the fig leaf provided by dedicated aid workers. Humanitarian and medical aid efforts certainly deserve thanks and appreciation, but no one would expect that these aspects of an international mission should also be a disaster, along with the diplomatic and military. When there is a major military or political victory, as there was in the Gulf War, precious little can be heard of the humanitarian effort behind the noisy trumpeting of generals and state executives.

The dabbling of the foreign powers and UN in Bosnia is over before it ever began. The shooting down of a US F-16 at the weekend was just one more Serb-inflicted humiliation - like the taking of UN hostages - for which there is no feasible retaliation. The British and French are taking the brunt of the danger on the ground for what is now a hopeless cause. There is no reason for them to do so. NATO should stop its techno-babble and come clean with a decision to evacuate the UN peacekeepers - fully, finally and fast.



Osirak: 14 years after

LOUIS RENE BERES
YOASH TSIDON-CHATTO

FOURTEEN years ago, on June 7, 1981, Israeli fighter-bombers destroyed the Osirak nuclear reactor shortly before it was ready to go "on line."

At the time, international reaction was overwhelmingly hostile. The UN Security Council, in Resolution 487 of June 19, 1981, indicated that it strongly condemned the attack and that "Iraq is entitled to appropriate redress for the destruction it has suffered."

With hindsight, Israel's defensive action looks very different. As is now well known, Saddam Hussein's plans in building a French-supplied reactor were to produce militarily significant amounts of plutonium. The ultimate objective was to manufacture nuclear weapons that could provide Saddam with regional hegemony; they would be aimed at a tiny target called Israel.

An Iraqi dictatorship with nuclear weapons would have had far-reaching global implications, affecting not only the "infidel" Jewish state, but also the security of other states requiring Middle Eastern oil, and those states that came to be engaged in the Gulf war.

Did Israel act illegally in destroying Osirak?

International law is not a suicide pact. Under the long-standing customary right known as anticipatory self-defense, every state is entitled to strike first when the danger posed is "instant, overwhelming, leaving no choice of means and no moment for deliberation." Indeed, this right is especially compelling today, in an age of weapons of mass destruction, when failing to preempt an attack may bring about annihilation.

Did Israel commit aggression?

Iraq has always insisted that a state of war exists with "the Zionist entity." Since aggression cannot be committed against a state with which one is already at war, Jerusalem could not possibly have been guilty of such a "crime against peace."

Did Israel violate the laws of war in international law?

Fourteen Israeli aircraft took part in the raid - eight F-16 Falcons, each carrying two 1,000-kg

The Israeli strike wasn't only lawful but law-enforcing

bombs, and six F-15 Eagles serving as escort planes. The reactor was completely destroyed, without civilian casualties, and before any radiation danger could exist. Unlike Iraq's 39 Scud attacks on Israel during the Gulf war which were expressly designed to harm innocent civilians, Israel's raid on Osirak was conceived essentially to protect civilians.

SINCE 1948, Iraq has been plotting Israel's destruction. Iraq was one of the Arab states which attacked Israel on the day of its declared independence. But while Egypt, Lebanon, Jordan and Syria proceeded to sign armistice agreements with the Jewish state in 1949, Iraq has steadfastly maintained a permanent state of hostilities.

Israel's defensive strike against an outlaw enemy state preparing for extermination warfare was not only lawful, but distinctly

law-enforcing. In the absence of a centralized enforcement capability, international law relies upon the willingness of individual states to act on behalf of the entire global community.

This is exactly what took place 14 years ago, when with surgical precision Israel's fighter-bombers precluded an Iraqi nuclear option.

Israel's citizens - Jews and Arabs - and American and other coalition soldiers who fought in the Gulf war owe their lives to Israel's courage, skill and foresight in June 1981. Had it not been for the brilliant raid at Osirak, Saddam's forces might have been equipped with atomic warheads in 1991.

Ironically, the Saudis, too, are in Jerusalem's debt. Had it not been for prime minister Begin's resolve in 1981, the Scuds Saddam fired at Saudi Arabia might have spawned immense casualties and lethal irradiation.

The world community, particularly the UN, must finally acknowledge the obvious: that Israel's preemptive action in 1981 was a heroic and indispensable act of law enforcement.

For the sake of future essential resorts to anticipatory self-defense, whether by Israel or any other state facing unconventional aggression, such an acknowledgment could provide an important incentive to do what is needed within the bounds of international law.

At the dawn of the 21st century, the time has come for a strengthened commitment to self-defense rights in world affairs.

Prof. Beres writes on international law. Yoash Tsidon-Chatto is a former MK.

Get rich quick, a poor start

YOSEF GOELL

SOMETHING smells wrong about Ehud Barak's projected dive into the cabinet as interior minister this summer. Barak is the latest in a long list of former top army commanders catapulted straight into cabinet seats by political mentors.

The list begins with Yigal Alon and Moshe Dayan, and continues through Aharon Yariv, Yigael Yadin, Ariel Sharon, Rafael Eitan and Mordechai Gur, and Yitzhak Rabin himself. All were successful, in some cases brilliant, army men. Their performances in the political field, on the other hand, often left much to be desired.

What is so worrying about the Barak appointment is that the motives behind it eerily recall those which led to Rabin's being shot into top political office 21 years ago. That, and the fact that there is no indication whatsoever that Barak has any burning interest in tackling the problems that bedevil the all-important interior ministry.

Rabin was tapped to become premier in 1974 by a frantic Labor Party leadership discredited by the Yom Kippur War and casting around for an acceptable figure. Golda Meir, Pinhas Sapir and the party's Old Guard pushed Rabin forward solely to prevent Shimon Peres becoming the next premier and taking over the party.

Top political leaders have a natural desire to be succeeded by clones of themselves. In Barak, Rabin clearly sees a younger version of himself: a man with an impressive military background, a "thinking" general, with a proper disdain for politicians and party politics.

In spite of the high hopes pinned on the first sabra to become prime minister, Rabin was a failure during his first term as

prime minister. As to his current performance, it is still too early for an overall verdict, but he is undoubtedly a better politician now than he was then.

Which is just the point: Rabin needed a further 15 years in politics to learn the ropes thoroughly. Barak may surprise us all, and turn in a good job. But he, more than others, should realize that catapulting an officer of middle-level to a top command position in a totally strange arena, in the expectation that he will learn on

Barak is beginning his political career on the wrong foot

the job, is running an unacceptable risk.

THERE IS nothing wrong with Barak's ambition to be premier. But on the road to that goal, there are several things he needs to learn. One is that the unveiled arrogance that can get you to the top in a macho organization like the army is counterproductive in political life.

An area in which Barak has shown appalling insensitivity is the connection between money and political office. With the law stipulating a rather short cooling-off period between retirement from the army and entry into political office, Barak had to wait only until May to accept his appointment to the cabinet.

But he wanted a longer respite, as he explained in a recent book - but woefully impolitic - interview, so he could make a lot of money, quickly. Barak explained that, in this way, he wouldn't have to be beholden to money

interests after entering politics. We'd all love to learn how to make a lot of money quickly. But to do so in business, and not end up beholden? It strains belief. A retired chief of staff with a 35-year army pension is already comfortably off, and will be more so with the addition of a minister's salary.

Wanting much more money - and quickly - can only be interpreted as inordinate cupidity, and as Barak's insistence on isolating himself from the way the vast majority of the nation lives.

Barak's mentor Rabin, whose wife's technically illegal foreign bank account brought him down in 1977, has always displayed a similar isolation from the realities of daily life in Israel. On a rare recent visit to a poor neighborhood in south Tel Aviv, the premier expressed his shock, comparing the neighborhood to the Palestinian refugee camp of Jhalaya.

Rabin is too old to learn any better. But Barak has to make the choice between going into politics and public service, or making a lot of money quick. The two don't go together.

Barak has a lot to learn. And an effective learning process cannot begin at the top.

The writer comments on current affairs.

POSTSCRIPT

A GUARD dog trained to protect a British pub ate £820 of its takings.

Feist snatched the notes as landlord Andrew Watkins was checking cash in Driffield, northern England.

"He did a very good shredding job and the bank would only accept 18 of the notes as genuine legal tender," Watkins said.

The cable cynics

HARVEY EDINOFF

THE five cable operators who supply cable broadcasts to the entire country now have more than 825,000 subscribers. These pay a staggering \$300,000,000 annually into the operators' coffers, producing a clear profit exceeding \$50m. each year.

From these huge sums the operators pay the government a levy of 5 percent of their gross income.

It isn't clear what happens to the \$15 million annually produced. Presumably a large part goes toward financing the Cable Commission, the regulatory body headed by Michal Rafaili, although in truth we don't seem to get much value from this expense.

Under the terms of their licenses, the operators were required to broadcast a separate popular "Mediterranean" entertainment channel, and to include a substantial quota of locally produced Hebrew-language material in their existing channels.

Another responsibility undertaken by the operators, and a condition of their licenses, is the link-up of the cable service to small outlying settlements. The cable commission has failed to comply with this.

Now MK Meir Shitreet, with the blessing of the cable commissioner, has asked the Knesset Finance Committee to halve the operators' annual levy, to compensate them for the cost of connecting the settlements! This is effectively a gift of \$7.5m. a year from now until 2002 (the end of the current license period), totaling around \$52m.

What justification can there be in asking taxpayers to subsidize the statutory obligations of an already profitable industry? Especially in light of the fact that the same taxpayers are already paying through the nose for a substandard product?

Monthly subscriptions have increased in dollar terms by more than 30 percent since the cable service began, without any notice-

The operators are thumbing their noses at subscribers

able improvement being made in its programming.

THE OPERATORS' cynicism is an insult to their subscribers.

They give their programming company ICP around \$27m. annually, less than 9 shekels a month for each subscriber. On this, ICP has to provide nationwide 24-hour programming for the film, sport, family and children's channels.

ICP has to buy around 600 films each year in order to service the film channel alone. This "mission impossible" is reflected in the quality of the material we get.

You have to feel sorry for ICP. Deemed a cartel by the Israeli courts, it takes all the blame for the poor programming, and is beset by the tension of never-ending legal processes to close it down.

But the real cartel consists of the cable operators who jointly own ICP, and coordinate their policy. If they were to grant ICP an additional NIS 3 a month from the NIS 100 or so now being paid monthly by each subscriber, there would be an additional \$10m. a year available to improve programming quality.

Shitreet would be better advised to ask the operators to use this proposed subsidy to provide better programming - preferably local material - or, dare it be said, to reduce the monthly subscription.

Let's look at it from another angle. If a levy of 1 percent was imposed on the cable operators' income, and the \$5m. annually produced used to subsidize locally produced films, this would stimulate the production of around 10 new Hebrew-language films each year.

It would provide the TV material the viewer wants, give a shot in the arm to a beleaguered film industry, and provide hundreds of jobs to unemployed technicians.

It can't be such a bad idea. They've been doing it in Canada for years, and we see lots of Canadian films on our cable screens. How many Israeli films are seen on Canadian screens? Certainly very few - because our local film industry gets nothing for development from the cable industry.

The writer is active in the local film and television industry.

LETTERS TO THE EDITOR

EYE WITNESS

Sir, - I am writing you to help set the record straight regarding the events at the Israel Day Parade breakfast held at the New York Hilton.

My wife and I attended the breakfast and were seated at the very center of the ballroom directly facing the speakers and immediately behind the first tier of tables which were reserved for the invited dignitaries.

After many speakers, Mrs. Aloni came to the podium. She was greeted by catcalls, boos and heckling from the audience. Interestingly, the hecklers got several rounds of applause from those present.

Mr. J. Kassin, one of the sponsors of the event, took the microphone from Mrs. Aloni at the behest of his father, the noted Rabbi Saul Kassin, to urge the audience to be more polite. He then returned the microphone to Mrs. Aloni, but the heckling continued.

While she was trying to speak, Mr. J. Avital, who was the chairman of the event, ascended the stage. (His intentions were unknown, he may have wanted to take the microphone himself.) Before he reached the lectern, he was stopped by several men who pulled him off the stage to the left. At the same time, Mrs. Aloni was pulled by others to the right, away from the podium. At no time was Mr. Avital even close to Mrs. Aloni. The charges that he

punched her in the stomach and kicked her are trumped-up charges and have no merit.

The following people were also present and will attest to the accuracy of my observations: Mr. Sam Domb, Judge Jerome Hornbliss, Mrs. Tamar Kanovsky, Dr. Manfred Lehmann, Dr. Isaac Madeb and Prof. Walid Phares.

E.S. BARREKETTE

New York

MATRICULATION EXAMS

Sir, - The Mosenson High School in Hod Hasharon offers the Israeli Bagrut (Matur) curriculum in English. It's a two year program: 11th-12th grades, for English-speaking new immigrants and returning Israelis. All subjects are taught and tested in English. The compulsory Hebrew studies are taught and tested in Hebrew on the level for new immigrants.

Many olim don't know about the program and have a difficult time with their teenage high-school students. Enrolling in our program may ease their alyia.

I can be contacted either at school tel. 09-405383, 09-406160, or at home: 09-441785.

TOVA BERNATH, Coordinator, English Program

Hod Hasharon.

NONSENSE

Sir, - Israelis should not be confused because some American Jews have had a hysterical response to the initiative by Senator Robert Dole to have the American Embassy move to Jerusalem at an early date. They accuse Senator Dole of exploiting the Jerusalem issue for personal political objectives. If so, every member of Congress who supports the very existence of Israel, or who has voted in favor of Israel's interests, should also be accused of being motivated by selfish political interests. If this is a criterion, it would mean that AIPAC and all other pro-Israel activists should cease their contacts with Washington. What utter nonsense!

The motivation of a politician is interesting, but it is not the issue. What counts is for the American Embassy to be moved to Jerusalem as soon as possible! Dole and his colleagues should be praised, not maligned, for urging this past-due action. President Clinton would be well advised to join this Republican initiative. A dramatic bipartisan policy would finally bring sober reality to the Arab Palestinians in the Middle East, an act that can serve as a major step towards achieving peace.

PAUL FLACKS, Publisher, Focus

New York

هكذا من الأصل

Rabbis unite to wipe out 'perverted' divorce tactic

Despite a united front, the US Orthodox community may find it hard to stop secret betrothals, Marilyn Henry reports from New York

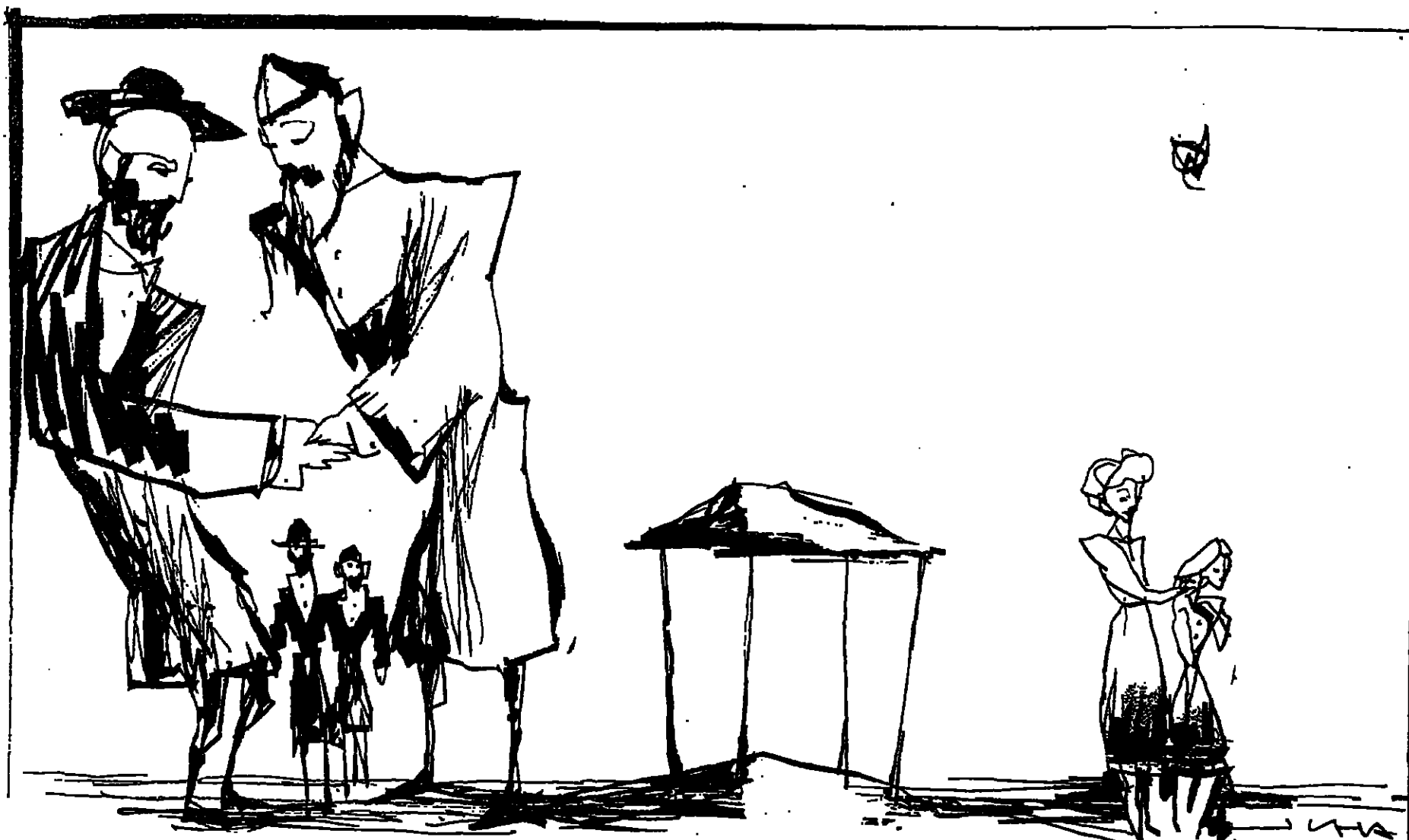
ONE man's betrothal of his minor daughter as a weapon against his estranged wife has drawn nearly universal condemnation in Orthodox circles.

It remains to be seen whether the condemnation can be galvanized into rabbinic or communal cooperation to ensure that the tactic will not be used in divorce battles in the future.

Whether a universal remedy is to be found for the maneuver — known as *kiddushet ketana* — is also open to debate, although prominent Orthodox organizations have begun a review, and one legal scholar has proposed a mechanism to empower the Orthodox community to confront the issue.

There's a sense of urgency. The sensational publicity in the US media in the last two weeks has led to fears that the previously rare practice could become the tactic of choice in bitter battles in religious divorces.

The first press accounts said 20 fathers in New York divorce cases were using or planning to use *kiddushet ketana* as leverage. Those accounts were based on reports that Shalom Bayis, a mysterious group that adamant-



ly opposes divorce and emphatically refuses to identify its rabbis, spokesmen and financial backers.

Leaders of the New York Orthodox community said they had never heard of the group, nor could anyone identify any of the 100 rabbis Shalom Bayis claims as authorities. Communal leaders also said the original number of reported *kiddushet ketana* cases had been exaggerated, but they

had no doubt that it would escalate. "Jewish law in the religious Jewish community, no less than civil or natural law, can be perverted to selfish ends by unscrupulous individuals," said Rabbi Avi Shafren, director of public affairs for Agudath Israel of America. "But to make a 'news story' out of an individual's creative animosity serves only to un-

justly malign an entire community or, worse, to inspire and encourage others of a similar spiteful bent."

The only publicly confirmed case is that of a Brooklyn man, Israel Goldstein, who found a groom who was willing to remain anonymous and two witnesses who appeared before a rabbinical court to confirm the 1993 betrothal of Goldstein's 11-year-old

daughter. Because the religious court validated the betrothal, unless the would-be groom is identified, the girl will be unable to obtain a divorce and thus will never be allowed to marry anyone else.

Goldstein's estranged wife, who has custody of her daughter and son, lives in Montreal.

Rabbinic authorities have been investigating the Goldstein case

and are now widening the scope of their inquiry. The court, or *beit din*, of the Rabbinical Council of America, which represents some 1,000 mainstream Orthodox rabbis, has called on all Orthodox religious courts in North America to convene in search of a halachic remedy for *kiddushet ketana*. No date has been set.

Whether Orthodoxy's disparate groups can overcome their

disagreements over halachic approaches and find common ground is unclear.

"Religious politics being what it is, can we make them come to the meeting of *batei din* [religious courts]? No, but we hope they will," one council official said of other Orthodox organizations.

THERE ARE only limited precedents for concerted legal action within the Diaspora Orthodox community. The effort to develop a universal solution to the plight of *kiddushet ketana* may be thwarted by the fragmentation of the community, where numerous groups recognize only their own experts. Further, there are very few acknowledged rabbinic leaders whose halachic authority transcends the sectarian differences within Orthodoxy.

One proposal that surfaced in the last week would bypass the religious courts. Rabbi J. David Bleich, a professor of law at Yeshiva University, has suggested that a communal ban — *herem hakehillot* — be imposed on those who serve as witnesses to *kiddushet ketana*. If witnesses could be declared *pasul* [invalid], such betrothals would be as well.

"The point isn't to nullify the marriage, but to prevent it in the first place," Bleich said.

A *herem hakehillot* is not rabbinic legislation. "Rabbinic enactments are hard to get, but this [ban] is certainly feasible," he said. "The community is not powerless."

Each community must work with all others to declare such a ban, which would have no halachic effect unless it is accepted by every congregation.

That pits the potential of a ban against the reality of modern-day Jewish life. "It's a 20th-century phenomenon that we are not organized into *kehillos* [communities] and, since we are not, it is not easy to do these things," Bleich said. "That doesn't mean it is impossible."

Iron Curtain is still a barrier to reparations

ALEXANDER Bergmann, who turns 70 next week, is a lawyer in Latvia, a survivor of Buchenwald and two other concentration camps.

Margita Schwalbova, 79, a retired physician in Slovakia, endured nearly three years in Auschwitz. Polina Zingene, a 73-year-old nurse in Lithuania, survived camps in the Baltics and East Prussia.

They have never met, but the trio have more in common than their Jewishness: their survival of the Holocaust and their advanced age.

Like thousands of others in Eastern Europe, Bergmann, Schwalbova and Zingene have yet to receive the first mark in compensation from the German government for their ordeals.

Through diplomatic inertia and bureaucratic torpor, Eastern European Jews largely have been excluded from the vast sums — DM 95.5 billion (\$66 billion calculated at current exchange rates), according to German government figures — paid by Bonn since the 1950s as reparation to victims of the Third Reich.

While Jewish survivors who emigrated to Israel, North America or Western Europe usually have been compensated for their suffering, those who remained behind the old Iron Curtain generally have not.

"I'm quite bitter and feel unjustly discriminated against," Zingene said in a telephone interview from Kaunas, Lithuania.

Many Eastern European Holocaust survivors have yet to receive a pfennig in compensation from the Germans, Rick Atkinson reports from Berlin

"We worked for the German army, under guard, for four years. We dug trenches, built airfields. You know the conditions: barefoot in the snow. The average age of the ghetto and camp survivors is 70-plus."

"And every year, here in Kaunas, two or three more die. We only have 56 here now."

FOR MOST of the postwar period, the German government and East Bloc communist regimes could not come to an agreement that guaranteed distribution of German money to the appropriate victims.

Since communism collapsed beginning in 1989, Bonn has hammered out pacts with several governments — notably Russia and Poland.

But the majority of Eastern European claims remain unresolved in the Baltic states, the Czech Republic, Slovakia, Romania and elsewhere.

While each country has unique circumstances, the stumbling blocks involve an inability to agree on how compensation should be disbursed, the definition of victimization and counter-claims by ethnic Germans forcibly evicted after the war.

A German Foreign Ministry spokesman said the Bonn government continues to investigate the issue.

"It would be best for the German government to move this issue along quickly," said Hermann-Josef Bruderser, director of the compensation department in the federal Finance Ministry.

"It always comes to an emotional pitch, and the victims are justifiably disappointed. But it has to be firmly established that these [eastern] governments aren't just using the money to plug holes in their budgets."

Yet many Jews in Eastern Europe — who survived ghettos, concentration camps or years of hiding during German occupation — need the money badly, according to their national governments and international Jewish organizations.

They tend to be old, bereft of extended families and living a hand-to-mouth existence.

"Compensation has material importance for me, because living here is very difficult," Schwalbova, the Auschwitz survivor, said in a telephone interview from Bratislava, Slovakia.

"But of course it also has a symbolic character. Each year

more of us die — people who had very difficult lives. For the most part we've just resigned ourselves."

ON MAY 8, the American Jewish Committee presented the German Embassy in Washington with a list of about 4,500 Eastern European survivors who allegedly have received no reparations.

The list was compiled with the assistance of local leaders in Eastern Europe.

The relatively small number of names suggests how the once-thriving communities have been decimated by genocide, emigration and the passage of five decades since the war ended.

"With all of the 50th-anniversary commemorations this year, there are questions about how history books will record the legacy of the war," said Rabbi Andrew Baker, director of European affairs for the American Jewish Committee.

"The war has almost been consigned to ancient history. So it's somewhat of a shock that you not only have living witnesses, but people who have suffered and have yet to receive any kind of compensation."

The German Foreign Ministry

spokesman said the American Jewish Committee list arrived by courier in Bonn on May 17. He said ministry officials "are checking into it."

"If I emigrated to Israel or to the US, then I'd get compensation. But because I've stayed here, I've received nothing," said lawyer Bergmann, an unofficial spokesman for the 100 Holocaust survivors left in Riga, Latvia.

The impasse means that while the Jews still wait, several dozen Latvian nationals who served in the Waffen SS during the war are eligible for small pensions for their service in the German army, Bergmann added.

"As far as the Claims Conference and the Jewish world is concerned, we feel that a way has to be found by the German government to provide compensation for these aged Holocaust survivors," Saul Kagan, executive vice president of the Claims Conference, said in a telephone interview from New York.

"The Holocaust is... [unique], and the importance of compensation for survivors is of a high moral caliber."

While officials in Bonn counsel patience, the survivors more typically display either anger or resignation.

"I'll be 80 years old. How am I supposed to have patience?" demanded Schwalbova, who was forced to work in the Auschwitz dispensary and medical-experiment block from the spring of 1942 until liberation in January 1945. (The Washington Post)

He's very rich, very religious, very young — and an Aussie

AUSTRALIA'S youngest multimillionaire is not only Jewish, but also trained as a rabbi in the Lubavitch movement.

Melbourne stockbroker Levi Mochkin, 33, increased his fortune by A\$110 million to A\$150m. (NIS 107.5m.) in the last year, the *Australian Jewish News* reported recently.

A native of Brooklyn, Mochkin is hardly the richest of Australia's Jews, according to wealth estimates published in *Business Review Weekly*. Cardboard king Richard Pratt gets that honor, and pulls into second place among the country's most moneyed, at A\$11.4 billion. That is less than half of the A\$53b. accumulated by Australia's wealthiest man, media giant Kerry Packer.

More than 20 percent of the country's richest 200 are Jews.

Following Pratt on the list of richest Jews Down Under are developers Frank Lowy (A\$5860m.), Harry Triguboff (A\$5600m.), John Gandel

JEWISH WORLD

(AUS\$560m.), Solomon Lew, head of the Coles Myer department store conglomerate (AUS\$530m.), and investor Jack Liberman. (AUS\$500m.). They are all among the top 10.

Business Review Weekly noted that many fortunes "belong to east European migrants who arrived in Australia, usually penniless, following the Second World War." As examples it cited retailer and developer Albert Scheinberg (AUS\$140m.), and property developers Isador Magid (AUS\$170m.) and Henry Roth (AUS\$105m.).

JAPAN GETS ITS FIRST HOLOCAUST MUSEUM

Japan's first Holocaust education center and museum will be dedicated on June 18 in Fukuyama, 70 kilometers east of Hiroshima. The center is sponsored by the Japan Christian Friends of Israel (also known as Beit Shalom). The center is next to the

Miyuki Church whose pastor, Rev. Makoto Otsuka, initiated the project and serves as director.

According to Rabbi James Lebeau of Tokyo, who is involved in the project, the center is dedicated to the memory of the 1.5 million Jewish children murdered by the Nazis. Otsuka plans to invite Japanese school groups to teach the dangers of prejudice.

Visitors will be greeted by a message written by author Elie Wiesel. "What you will see here will cause you fear and pain," he wrote in part. "You will ask yourselves: How could all this have happened? Why have so-called civilized people decided to assassinate an entire people? How did they manage to kill thousands upon thousands of Jewish children and remain sane? If there is an answer, it is in memory."

The museum exhibit will include a photographic record of the Holocaust and many original objects from the death camps, which were contributed by survivors and other museums.

He made the navy

A memorial service is to be held in Haifa tomorrow, one year after the death of Paul Shulman, founder and first commander of the Israel Navy.

A graduate of the US Naval Academy at Annapolis, he saw active duty with the US Navy in the Pacific during World War II.

Because of his background, he soon became involved in Aliya Bet and was instrumental in the purchase of ships for clandestine immigration, among them the *Exodus* (the former *President Warfield*), *Ha'atzmaut* and *Koromani* (the former *Pan York* and *Pan Crescent*, respectively).

He was also actively engaged in organizing immigration from ports in France and Italy.

Several of the vessels used in Aliya Bet became the nucleus of this country's infant sea force, and Ben-Gurion invited Shulman to organize a navy. Some looked askance at the young man who came from afar and knew no Hebrew, yet sought to create a disciplined, shipshape organization.

He courageously stepped on toes when necessary, and always insisted on rigorous order.

Shulman, then 26, was in com-

mand when our forces sank the Egyptian flagship *Farouk* off Gaza in 1948. With the end of the war, Hebrew-speaking Israelis were trained to take over, and Shulman became an adviser to the prime minister on naval and maritime development. He later entered private industry and was involved in major engineering enterprises here and abroad.

At the posthumous testimonial to him earlier this year, naval commander Admiral Ami Ayalon said: "Our shores were made safe. [Shulman's] modesty cannot hide the fact that under his command our great navy was brought into being."

Carl Alpert

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Wednesday June 14
THE JORDANIAN BORDER OF PEACE
Led by Menahem Markus, Geographer from the Nature Reserves, we'll see history in the making. We'll tour the border region now the center of cooperative efforts, the Sheikh Hussein Bridge - bombed in '46 and now rebuilt. Tzvi Zvi, Gaon Hayarden, Kikar Hayarden, Habitrano, the observation post of Hamat Gader - meeting place of the borders of Israel, Jordan and Syria, the confluence of the Yarmuk and Jordan rivers and more, much more.
Price: NIS 145

Sunday June 18
IN THE FOOTSTEPS OF THE SANHEDRIN
The Bar Kochba revolt failed, the Jerusalem Center was destroyed, 600,000 Jews died, thousands were forced into slavery. A new center arose in the Galilee, in Usha, Shefar'am, Zippori and Tiberias. Led by archeologist Motti Aviam, we'll tour Beit Shearim, Zippori and other significant sites. NIS 150

Wednesday June 21
THE SUPREME COURT BUILDING
Some say, "It's music frozen in time." The architecture of public buildings should be a reflection of the society in which it is born. Is it so? We'll also visit the Mormon University, Hebrew University Mt. Scopus campus, and the new Jerusalem Town Hall complex. Lunch.
Tour Guide: Architect David Kroyaneker NIS 140

Monday June 26
THE STORIES OF SAFED
When the Ari, Reb Yitzhak Luria, walked through Safed's narrow streets, not a day passed without a miracle occurring. Today, we go with historian Israel Shalem a guide who really knows how to recount the stories, to pass on the special atmosphere, the tastes and the smells. We'll visit the Jewish quarter, the "sleeping spring," the Abuhav synagogue, Nahal Amud and more. NIS 145.

Wednesday June 28
JERUSALEM BY NIGHT
This is a different tour. All night bakeries, davening in Mea Shearim in the early hours, tomorrow's Post as it comes off the press, a tour of Angel bakeries, the Midrachov at midnight, the capital lit up from the promenade and a special - tour of Minchot Hakotel, the hidden part of the Western Wall, incl. dinner at the Culinarium in the Cardo, to dine as the Romans did. Tour limited to 30 persons.
Tour Guide: Carol Ann Bernheim NIS 190.

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DRIVE CAREFULLY

BUSINESS & FINANCE

WEDNESDAY, JUNE 7, 1995

Abeles: Bank fees excessive

COMMERCIAL bank transaction fees are on the rise, after a period of stability in the past two years, Bank of Israel Supervisor of Bank Ze'ev Abeles said yesterday.

At a Jerusalem news conference to mark the publication of the central bank's 1994 annual report on the bank system, Abeles reiterated the policy to limit intervention in setting the commercial banks' transaction fees, allowing instead market forces to set the price.

However, he said the banks have been charging excessive amounts for the set account management fees, even though the fees are unrelated to the specific activity generated by the account.

Abeles said if the banks do not reduce the fees, they will be subject to control by the central bank.

He also pointed to the fees the

banks charge customers for getting information on their bank accounts. Abeles hinted that such information should be made available free of charge as part of the requirement for full disclosure to customers of the status of their account.

Abeles said the state of the five major banks was good based on their net profitability last year, which averaged a real 7.3 percent. He added that those figures compare favorably against the net profitability of US banks.

According to him, US banks net profitability reached between 15% and 16% in nominal terms compared to Israel's 21.8%.

Such performance, however, was weaker than the previous two years, when net profitability averaged 8.8%. The drop in profitability last year was mostly due to

JOSE ROSENFELD

weak stock market activity. There were significant differences in the profitability of each bank, with Bank Hapoalim reaching 9.6% and Bank Discount only 4.5%.

The capital market's poor performance last year drove individuals to put their money in bank savings or investment programs and sent businesses back to the banks for credit. However, the rapid growth of bank credit is eroding the bank's ability to cover the accompanying risk, Abeles warned.

He said the current minimal ratio of capital against risk has dropped to 9.5%, when the minimum stands at 8%.

The Bank of Israel is currently undertaking a speedy review of about 700 complaints from bank customers who received bank

loans to invest in mutual funds and are unable to pay back the loans due to the losses they incurred in the stock market.

After such credit soared to NIS 3.2b. by the end of 1993, the central bank intervened and stopped the banks' campaign to give customers credit for investing in mutual funds. At the end of last year, such credit fell to about NIS 650m.

Abeles said that already about 100 complaints have been processed. According to him, justified complaints where the bank pushed credit on customers who could not repay the loan and who were not active in the stock market, the banks will be required to forgive part of the loans.

In extreme cases, where it is clear that granting such credit was totally inappropriate, the bank will have to forgive the whole loan, said Abeles.

Bank Hapoalim predicts 0.9% rise in May CPI

GALIT LIPKIS BECK

LAST month's Consumer Price Index went up 0.9 percent, the same as April's index, according to Bank Hapoalim's adjusted forecast.

Hapoalim and other institutions initially predicted the CPI to go up between 0.5% and 0.7%.

The Central Bureau of Statistics will report the May index on June 15.

The May CPI is traditionally lower than the April index due to Pessah.

The economists said summer clothing and footwear prices increased the index in May, adding that they expect prices to continue to go up in June.

The economists expect vegetable and fruit prices to moderate the rise in the CPI in the coming

months. According to Hapoalim, the accumulated decrease in vegetable and fruit prices will reach 10% in the May to July period.

The bank's economists expect the year to end with inflation of 9%, based on the yields of one-year treasury bills.

According to the economists, the foreign trade situation has improved. Hapoalim said commodity exports increased 11% in May and April compared with the first two months of the year, while imports rose 1.5%.

During the last two months the trade deficit decreased 9%, compared with January and February, to \$810 million per month. The bank said the rise in gov-

ernment tax earnings during the first three months of the year reflect a growth in activity.

In April, the government's tax earnings increased 4.5% in real terms compared with the same period last year.

In other news, Hapoalim's research department reported that the earnings of public companies last year showed a growth in sales and sharp increase in financing expenses.

The economists said the growth in sales was mainly due to the 9.3% growth in public consumption and 10.6% rise in export of commodities and services.

The rise in financing expenses was blamed on the sharp increase in interest rates last year and losses from investments in securities.

Private sector fundraising in capital market at new low

JOSE ROSENFELD

PRIVATE sector fundraising in the capital market reached a record low NIS 517 million in the first quarter, as a depressed market led to a sharp drop in stock and bond issues of nearly 80 percent compared to the same period last year, the Bank of Israel reported yesterday.

Share prices fell an average 47% since February 1994, after shooting up 300% from 1989.

Private sector issues peaked in 1993, reaching NIS 9.8 billion.

The drop in share prices in the secondary market limited the worthwhileness of raising funds in the stock market and hurt the ability of companies to raise money.

Similarly, the drop in the companies' operating profits and the reduced opportunities to finance the purchase of securities reduced the overall demand for investment in securities.

During the first quarter, there were no funds raised in foreign capital markets, compared with NIS 78m. during the same period last year and NIS 1.3b. in 1993.

Individuals exercised NIS 158m. in warrants compared with NIS 523m. in the first quarter last year.

By contrast, the government raised NIS 1.8b. through privatization in the first quarter, compared with only NIS 700m. for all of last year.

Dead Sea Works, Volkswagen to set up firm for making magnesium

NEIL COHEN

VOLKSWAGEN and Dead Sea Works yesterday signed a memorandum of understanding to set up a joint venture company here to produce and sell magnesium.

The deal, which was signed in the presence of German Chancellor Helmut Kohl and Prime Minister Yitzhak Rabin, is the largest investment by a European firm here. It will involve an investment of \$600 million and encompass a magnesium production plant and research institute at Be'er-Gurion University.

Dead Sea Works, an Israeli chemicals subsidiary, will own 65% of the venture and Volkswagen 35%.

Volkswagen aims to cooperate with Dead Sea Works in the development of weight-saving materials for use in car production.

Volkswagen chairman Ferdinand Piech said the deal "will put VW in a position to produce even lighter and more environmentally friendly vehicles."

The magnesium plant is scheduled to begin production in the sec-



Dead Sea Works investor Shaul Eisenberg (right) and Volkswagen chairman Ferdinand Piech shake hands on a joint venture at the Prime Minister's Office in the presence of Prime Minister Yitzhak Rabin and German Chancellor Helmut Kohl. (Reuters)

ond half next year and will initially produce 27,500 tons annually. Piech said the decision to make

the investment was a sign of Volkswagen's confidence in the peace process.

Knesset Finance Committee approves plan to market unlinked shekel bonds

EVELYN GORDON

THE government plans to begin marketing unlinked shekel bonds, after the Knesset Finance Committee yesterday approved the idea.

The Treasury had originally requested committee approval for the bonds last August, saying it wanted to diversify its methods of capital-raising.

At the time, however, the committee nixed the plan, saying there was no market for unlinked bonds in a time of high inflation.

Since inflation has been low for the past few months, however, the Treasury resubmitted the idea to the committee, and this time it was approved.

The new "Shahar" bonds will

be issued for periods ranging from two to 20 years, and interest earned on the bonds will be tax-free.

In other news, the committee eased the eligibility requirements for NIS 750 million in government guarantees for the construction of residential housing.

Originally, the government said it would guarantee the investment of anyone who sold his building within four years of completing it.

At the request of some of the banks who are loaning money to the contractors, however, the committee extended the sale deadline to five years from the date of completion.

'IBM's hostile bid part of broader changes'

NEW YORK (Reuters) - What's with IBM?

First, the computer giant shed its conservative dress code. Then it proposed ditching its expensive corporate headquarters in favor of smaller digs.

Now it's launched what's believed to be its first-ever hostile takeover bid, a move experts say would have been unthinkable not so long ago.

International Business Machines Corp. made a stunning \$3.3 billion cash bid Monday for software company Lotus Development Corp., and there was quick speculation the bidding would rise.

"It's almost inconceivable that the prior image-conscious IBM would have done this," said Robert Profusek, a mergers and acquisitions attorney at Jones, Day, Reavis and Pogue. "In the '70s and '80s, companies like that would say we just don't do things that way."

So what's changed? The changes are both inside and outside IBM, said experts watching the world's largest computer maker try to buy Lotus, the creator of the widely used Lotus Notes software for connecting computers and the popular 1-2-3 spreadsheet program for financial applications.

Within the company, which has clung to what many say is too long a focus on large mainframe computers and needs to expand into the world of software, there's been quite a change in corporate attitude, experts said.

"The notion that they're engaged in a hostile takeover suggests a much more aggressive posture

than they have had in the past," said Hedrick Smith, author of the new book *Rethinking America*, which probes changes in the nation's schools and the corporate world.

"They went from a period where they felt they were king of the roost and could do everything themselves," he said. "And they've gone through a period of scrambling to catch up and did so through strategic alliances. This suggests there is an ongoing change of corporate culture at IBM."

Some say it's the work of Chairman Louis Gerstner, who took the helm of IBM in April 1993.

Since then, the company has taken to encouraging employees to dress more casually, abandoning its decades-old policy of dark suits and white shirts for men and dresses or skirts for women.

And it's decided to move from its 450-acre campus of concrete and glass buildings in Armonk, New York to a smaller headquarters not far away.

As for taking a surprise dive into the world of hostile takeovers, behind that decision is a broader change in attitudes toward unsolicited mergers and acquisitions, said Profusek.

So many companies have gone through agonizing cutbacks and restructurings that the idea of subjecting a target company to such upheaval is no longer anathema, he said. "The old way of thinking there is something inherently bad about hostile deals is gone. No one thinks that way anymore," Profusek said. "Now it's just another tactical avenue to pursue a strategic objective."

Elite Industries plans to buy 25% of Bonjour

GALIT LIPKIS BECK

ELITE Industries plans to purchase 25 percent of Bonjour, the manufacturer of bakery products, based on a market value of \$7 million, the companies informed the Tel Aviv Stock Exchange.

According to the draft agreement, Elite will purchase the shares at NIS 3.92 per share, 44% above the shares' market price.

Bonjour's shares closed at 2.75 per share on Monday, when the parties reached a deal on the draft agreement.

The companies also agreed that Elite will receive an option to increase its share in Bonjour to 50%, six months after the signing of the agreement.

The additional shares will be

purchased according to the same company valuation.

Elite and Bonjour emphasized the agreement remains subject to the final approval of the companies' boards of directors and its owners.

Several companies have negotiated with Bonjour in the last year in an attempt to gain control of the company.

In February, Credit Lines was very close to signing an agreement, but negotiations broke down at the last minute because of a disagreement on Bonjour's financial situation and asset value.

Sami Burekas and Super-Sol also expressed interest in gaining control of the company.



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Consultant in Israel:

Joel L. Katz
P.O. Box 3167, Herzlia B 46104
Telephone (09) 505 102
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Kardan Inv. suffers NIS 1m. in net losses

KARDAN Investments reported first quarter net losses of NIS 1 million, compared with net gains of NIS 670,000 during the same period last year.

COMPANY RESULTS

RACHEL NEIMAN

Revenues rose to NIS 25.3m. from NIS 17.5m.

Automotive and trade activities (primarily through GM importers UMI in which Kardan owns 39.6%) contributed net profits of NIS 473,000 to the quarterly results.

Capital market activity contributed NIS 77,000 and real estate added NIS 18,000.

Kardan Technologies had NIS 315,000 in net losses.

Mashov Computers suffered NIS 1.55m. in first quarter net losses, compared with net gains of NIS 3.1m. during the same period last year.

Revenues rose to NIS 35.48m. from NIS 22.3m.

Losses were attributed to subsidiaries.

Magic Software reported \$698,000 in net losses, compared with losses of \$225,000 in the comparable period last year.

Magic's losses are expected to extend into the second quarter. Mashov Computer Marketing (owned 77% by Mashov) suffered net losses of NIS 653,000, the result of a merger with Sivan. MNC (owned 42%) had a NIS 529,000 net loss.

Tashloz Investments announced a decrease in first quarter net profits to NIS 741,000 from NIS 914,000 during the same period last year.

Earnings per share fell to NIS 0.05 from NIS 0.07.

Quarterly revenues went up to NIS 34.63m. from NIS 11m.

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ISRAEL MONEY MARKETS

Patah (foreign currency deposit rates) (1.6.95)

Currency (deposit term)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (USD 100,000)	5.125	5.125	5.250
Pound sterling (GBP 100,000)	4.750	4.750	4.750
German mark (DM 200,000)	3.000	3.000	3.250
Swiss franc (CHF 200,000)	2.000	2.125	2.500
Yen (10 million yen)	—	—	—

(Rates vary higher or lower than indicated according to deposit)

Shekel Foreign Exchange Rates* (6.6.95)

	CHECKS AND TRANSFERS	BANKNOTES	Rep. Rate			
	Buy	Sell	Buy	Sell	Buy	Sell
Currency basket	3.4687	3.5227	2.98	3.08	3.0000	3.0000
U.S. dollar	2.1425	2.1486	2.07	2.18	2.1242	2.1242
German mark	4.7325	4.8333	4.69	4.80	4.7633	4.7633
Pound sterling	0.0233	0.0131	0.09	0.08	0.0333	0.0333
French franc	3.5163	3.5731	3.45	3.53	3.5336	3.5336
Japanese yen (100)	1.8938	1.9173	1.85	1.95	1.9999	1.9999
Dutch guilder	2.5932	2.6008	2.52	2.65	2.5820	2.5820
Swiss franc	0.4130	0.4206	0.40	0.43	0.4133	0.4133
Swedish krona	0.4737	0.4834	0.46	0.50	0.4781	0.4781
Norwegian krona	0.5614	0.5722	0.55	0.56	0.5613	0.5613
Danish krone	0.0600	0.0712	0.07	0.07	0.0713	0.0713
Canadian dollar	2.1679	2.2029	2.13	2.24	2.1817	2.1817
Australian dollar	2.1481	2.1808	2.10	2.22	2.1623	2.1623
S. African rand	0.0225	0.0255	0.73	0.82	0.8161	0.8161
Belgian franc (10)	1.0267	1.0433	1.01	1.08	1.0346	1.0346
Austrian schilling (10)	3.0006	3.0484	2.94	3.10	3.0213	3.0213
Italian lire (1000)	1.5428	1.5724	1.81	1.90	1.8482	1.8482
Jordanian dinar	—	—	4.18	4.47	4.3816	4.3816
Egyptian pound	—	—	—	—	—	—
ECU	3.9121	3.9752	—	—	3.9375	3.9375
Irish punt	4.9435	4.9837	4.75	5.00	4.9715	4.9715
Spanish peseta (100)	2.4335	2.4331	2.41	2.53	2.4725	2.4725

* These rates vary according to bank. ** Bank of Israel.

SOURCE: BANK LEUMI

האזנה מאלו

10

WORLD MARKET ROUNDUP

4.75/67	1.8515/43	7.8772/68
—	1.3731/59	5.8418/22
2.73/78	—	4.2508/71
7.08/13	0.2348/52	—

Prices from 23:00 local time

WALL STREET REPORT

In the broader market, advancing issues led declines by a small margin on active trading of more than 341 million shares on the New York Stock Exchange.

	MARK	STERLING	YEN	SFr	FFr
MARK	—	0.4449/55	59.98/01	0.8247/50	3.5088/93
STERLING	2.2457/67	—	134.75/67	1.8515/43	7.8772/68
YEN	1.8849/75	0.7411/25	—	1.3731/59	5.8419/22
SFr	121.13/32	0.5393/01	72.73/78	—	4.2509/71
FFr	0.2849/52	0.1289/68	17.08/13	0.2349/52	—

Prices from 25-26 local time

COMMERCIAL BANKS			PROPERTY, BUILDING & AGRICULTURE			PARALLEL LIST			AFTERNOON			MORNING						
Name	Price	Yield	Name	Price	Yield	Name	Price	Yield	Name	Price	Change	% Volume	Name	Price	Change	% Volume		
First Nat	100		Bank of Am	100		Amalgamated	542	6.0	national	542	6.0	51000	538	4.5	5570			
Indus Nat	100		Bank of Cal	100		Bank of Cal	52	1.0	Bank of Cal	52	1.0	22000	518	1.3	2170			
Indus Nat	20541	8.5	Bank of Ind	100		Bank of Ind	100		Bank of Ind	100		54000	547	1.8	45709			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		125	35577	1.0	47			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		54	35074	1.0	47			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		10	411	1.0	47			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		5000	2093	2.5	7221			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		17200	340	3.0	8479			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		15500	15500	1.0	15500			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		130000	656	0.6	171307			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1885	0.6	0.6	30550			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		36557	36557	1.0	36557			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		108100	4.3	4.3	475			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		12800	7668	1.0	8657			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		74000	1082	2.0	21100			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		8900	0.2	0.2	13481			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		80300	1983	1.5	9174			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1430	1.0	1.0	5198			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		2400	2231	0.4	2231			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		70000	594	3.0	100894			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		19500	343	4.3	49430			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		2150	80105	1.0	80105			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		19785	19785	1.0	19785			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3380	23841	3.0	6124			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		8153	1.3	1.3	2950			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		2000	1225	2.0	1225			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		23940	10016	4.2	6780			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1650	2318	0.5	3589			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		7000	7000	1.0	7000			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		7005	7005	3.5	3589			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1015	44659	1.0	727			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3520	3520	4.3	17918			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3200	36356	1.5	221			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		8880	88541	1.5	69			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1123	10500	1.5	32145			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		6153	6153	1.0	40			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		8372	2.5	4000	535	2.5	1474	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		487	2.7	4000	648	2.3	11341	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		36326	36326	1.0	441			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		8606	8116	1.9	2935			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		374	14800	3.1	31			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		52	5549467	1.5	5549467			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		25401	25401	2.5	1877			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		24365	24365	2.5	330			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		88230	88230	1.7	217048			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		991	2.5	81000	528	1.8	48930	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		6294	1.0	23700	521	0.8	5642	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		658	7.0	238000	985	8.5	8542	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1195	4.2	152900	870	2.5	45977	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1185	4.2	476000	119.9	3.9	387421	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		228	71.5	33772	71.5	33772		
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1010	6.0	253500	972	2.0	20812	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		24871	1.5	7480	24808	1.2	2316	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		208900	329	2.0	2770			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		207	-1.0	17000	207	-1.0	29070	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1838	1.7	30000	1538	1.7	6456	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		750	2.0	22291	750	2.0	22291	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		714	0.5	4000	710	3.4	4815	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1938	0.7	8100	1924	0.8	4814	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		181500	320	1.5	35772			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		5200	15083	0.3	427			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3100	1812	5.0	8300			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		220	32150	1.0	143			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		-0.2	8400	1371	1.0	4745		
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		5.3	3870000	5.4	1,2897000	5.4	1,2897000	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		71.5	71.5	71.5	71.5	71.5	71.5	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		612	1.5	57500	603	82424		
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3233	0.9	31200	2357	1.8	4548	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		71.5	6.2	59000	282	5.9	286705	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		15006	0.7	1650	15045	-1.0	305	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1954	3.0	29700	1225	1.5	4568	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1670	-0.7	27800	1665	-0.7	55728	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		3.0	3850	911.3	1.3	1176		
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		249	5.2	432000	238	0.4	58424	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		2000	2.0	21800	1984	3.5	8358	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		310	1.0	27200	12382	1.0	12382	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		107.0	0.0	945000	108.0	0.9	446805	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		9030	-0.2	18000	9030	-0.3	1378	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		4800	282	5.9	135819			
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		5738	1.5	41400	505	1.5	705	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		187803	2.5	18	187803	2.5	141	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		1413	1.0	2400	1413	1.0	7222	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		104	480	106	480	106	480	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		7.2	242000	297	4.9	61821		
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		397	-0.2	22000	397	-0.2	32500	
Indus Nat	100		Bank of N Y	100		Bank of N Y	100		Bank of N Y	100		822	62000	822	62000	822	62000	

INTERNATIONAL STOCK PRICES

[illegible]

CURRENCY CROSS RATES					
	MARK	STERLING	YEN	SFR	FFr
MARK	—	0.4449/55	58.98/01	0.5247/50	3.5088/93
STERLING	2.2545/57	—	134.75/57	1.6515/43	7.8772/69
YEN	1.8649/75	0.7411/25	—	1.3731/59	5.9419/22
SFR	121.13/32	0.5393/01	72.73/78	—	4.2509/71
FFr	0.2648/52	0.1268/68	17.08/13	0.2349/52	—

Prices from 22:00 local time

'Supreme' opening for Hapoel games

HEATHER CHAIT

POP singer Diana Ross will open the 15th Hapoel Games in Ramat Gan on Monday night.

The first lady of song will emerge onto the 360-meter specially-built stage in the middle of the National Stadium by a hydraulic lift - just one of the captivating elements of an evening billed as the biggest Israeli show ever.

The \$1 million event, excluding the unofficial sum of \$200,000 for Ross's 20 minutes on stage during which she will perform favorites like "Endless Love," "Chain Reaction" and "Why Do Fools Fall in Love?," will also feature popular artists Izhar Cohen, Boaz Sharabi, Riki Gal and David Broza.

To enunciate the theme of "Peace, Sport and Aliya," a parade of 12 floats of various immigrant communities will circle the National Stadium.

An array of flags of the 41 participating countries will color the platform while laser and smoke displays will illuminate the whole arena.

Lighting the Hapoel flame will be Olympic judo bronze medalist Oren Smadja, accompanied by immigrant sportsmen Boris Polak (shooter), Guca Chichashvili (wrestler) and Danny Kraznov (pole vaulter).

Thousands of gymnasts, dancers and singers will go through their paces to honor the 2500 visiting sportspeople, including world champion pole vaulter Sergei Bubka from the Ukraine and Chinese swimmer Li Jingyi.

With less than one week to go and 28,000 tickets already sold, producer and choreographer Gavri Levy yesterday predicted a 50,000, sell-out stadium.

Guests of honor to deliver their blessings will be President Ezer Weizman, Histadrut chairman Haim Ramon and Ramat Gan mayor Zvi Bar.

The 90-minute event, beginning at 8.30 pm, will be televised live on Channel One.

Agassi upset by unfancied Russian

PARIS (Reuters) - Andre Agassi's plan to complete his Grand Slam collection ended in abject failure yesterday when he was blasted out of the French Open by unfancied Russian Yevgeny Kafelnikov.

The American World No. 1's play was often as ragged as his street urchin tennis attire as he went down 6-4, 6-3, 7-5 in the quarter-finals, enduring the biggest upset of this year's tournament in less than two hours.

The Russian, much feared for the power of his shots during his rise on the circuit over the past couple of years, had fallen away badly of late with a succession of poor results.

But the American, treated for a thigh injury during the first set, found no answer to the accuracy and consistency of Kafelnikov's baseline strokes as he became the last of the top four men's seeds to exit the tournament.

Austrian Thomas Muster, seeded five, almost joined them in what would have been another major reverse, being forced to come back from two sets to one down before beating Spanish teenager Alberto Costa 6-2, 3-6, 6-7, 7-5, 6-2.

Muster, extending his run to 33 consecutive wins on clay, meets Kafelnikov in the semifinal.

The other quarter-finals, matching Michael Chang with Romanian qualifier Adrian Panu and defending champion Sergi Bruguera with Italian Renzo Furlan, will be played today.

There were no upsets in the

women's quarter-finals with Arantxa Sanchez Vicario, Conchita Martinez and Steffi Graf being joined in the semifinals by Kimiko Date, the first Japanese ever to go so far in Paris.

Agassi said he had suffered a hip injury early in the first set and had not been able to move properly for the rest of the match.

"I had a very sharp, excruciating pain when I pushed on it," he said. "I couldn't move well on the right and I couldn't serve."

The Russian said he had thought about giving up in the second set. "I wouldn't have risked further injury except in a Grand Slam," he said. "But do you walk off court or do you stay out there?"

Agassi had said after winning the Australian Open that he felt he had a good chance of becoming the first player since Rod Laver to win all four Grand Slam events in his career.

But like Pete Sampras, Boris Becker and Stefan Edberg, all out of the tournament already after chasing the same landmark in Paris, it was not to be.

His defeat leaves Muster, relieved after his escape against Costa, and Bruguera as joint favorites.

In the women's event, three-times winner Graf improved her odds with a devastating 6-1, 6-0 win over Gabriela Sabatini of Argentina.

Defending champion Sanchez should prove too strong for Date in the other match, though the Japanese player did well to trounce Iva Majoli 7-5, 6-1.

Weakened Israel faces Romania

DEREK FATTAL

DRIVING rains and stormy winds hampered the national soccer squad's evening practice session in Bucharest yesterday, as the players sought to flex their muscles in preparation for tonight's European Championship qualifying match against group 1 leaders Romania.

The elements simply added to the heap of problems facing Israel coach Shlomo Scharf, who has been forced to cobble together a patchwork side, due to injury and suspension to five first-choice players.

The Israelis face the task of combating the menace of one of Europe's strongest teams, and the difficulties continued to mount yesterday with player of the year Haim Revivo still struggling to shake off a lingering flu bug.

If Revivo does not play, Maccabi Tel Aviv's Avi Nimni looks set to start in his place.

Following the 4-3 defeat in Poland, the pressure is really on Israel. By the most conservative estimate, Scharf's men need five points from their three remaining away games in the qualifying group. A further defeat will most likely spell the end to the dream of competing in next summer's finals in England.

Scharf has a tactical quandary on his hands. The heavy ground conditions are likely to both tax the physical stamina of his squad, and make the quick-passing attacking game, that has typified the team's style in the competition to date, extremely difficult to execute. It is hard to envisage the two Maccabi Tel Aviv veterans, Eli Driks and Nir Klinger who are set to head the attack, causing the same degree of concern to the Romanian back line that Ronny Rosenthal and Ronnen Harazi might have conjured up.

At the same time, the youthful defensive line-up of Gadi Brumer, Amir Shaleh, David Amsalem, and Felix Halfon looks ill-equipped to batter down the hatches and scrape a draw with a totally defensive game against the fast, powerful Romanians.

Scharf's best game plan would seem to be to contain the Romanians upfront and hope that his frontmen are able to hit the target whenever the chance arises.

Both aims could be helped by having Itzik

Zohar on the field from the opening whistle, and by keeping Klinger at the back.

The Romanians have their own concerns, as they are without World Cup hero Gheorge Hagi and Gheorge Popescu, while defender Daniel Prodan has been nursing an light injury. Still, Romanian coach Angel Iordanescu has far deeper reserves to call on than his counterpart. One decisive factor could be the inclusion of attacker Florin Raducioiu - who missed the match in Ramat Gan through injury - alongside Ilie Dumitrescu.

Tonight's match kicks off at 8 pm. and will be broadcast live on Israel Television and Radio Two.

Fellow Group 1 member Poland hosts Slovakia tonight. If the Poles win and Israel loses, the Poles will move up into third place in the group standings.

Romania (probably): Bogdan Stiles; Dan Petrescu, Mihaela Beladid, Daniel Prodan, Tiber Salvesen; Dorinel Munteanu, Ionut Lupescu, Danut Lupu, Ilie Dumitrescu; Marica Lacatus, Florin Raducioiu. Israel (probably): Haim Cohen, Ronen Ginzburg, Felix Halfon, Gadi Brumer, Amir Shaleh, David Amsalem, Alon Eizen, Nir Klinger, Eyal Becker, Tal Benay, Eli Driks, Avi Nimni, Haim Revivo.

Under-21 side loses to hosts

ORI LEWIS

ISRAEL'S bid to qualify for the European under-21 soccer championship was ended yesterday following a 1-0 loss to Romania.

Driving rain at Dynamo Bucharest's ground caused the match to be played in atrocious conditions as the pitch became waterlogged and the referee refused to halt proceedings early.

The Romanians repeated the score of their first win over Israel when the two sides met in Tel Aviv last December.

Vasile Matina scored for Romania in the 75th minute.

The result assures Romania, which leads group 1 with 14 points from seven games, of qualification for the finals. Israel is out with only eight points from seven games and three more to play.

Horry takes on Grant in NBA finals



HERO WORSHIP - Houston's Hakeem Olajuwon signs autographs in Galveston. (AP)

play, in the deciding Game 6.

Horry has made 33 of 81 3-pointers in the playoffs, 17 of 40 against San Antonio.

Grant said Horry's game reminds him of Toni Kukoc.

"He has a great outside shot," Grant said. "It's going to take me away from the basket."

Horry knows he will have his hands full with Grant, the one

Orlando player with championship experience.

"For me it's going to be difficult because Horry, he's one of those power forwards who does everything," Horry said. "I don't think he has as much finesse as Berkley, but he can shoot the outside 'J'."

Horry and the rest of the Rockets say their biggest worry is An-

fernee Hardaway. Hardaway is much taller and probably quicker than either of Houston's point guards, Kenny Smith or Sam Cassell.

LIVE TV COVERAGE
Game 1 at Orlando, tomorrow 4 am, Channel 5
Game 2 at Orlando, Saturday 4 am, Channel 33
Game 3 at Houston, June 12, 2:30 am, Channel 5
Game 4 at Houston, June 13, 4 am, Channel 33
(If necessary)
Game 5 at Houston, June 17, 4 am, Channel 5
Game 6 at Orlando, June 18, 2:30 am, Channel 33
Game 7 at Orlando, June 22, 4 am, Channel 5

Seles to mark return with exhibition match

NEW YORK (AP) - Monica Seles will return to tennis for an exhibition against Martina Navratilova on July 29.

Seles has not played competitive tennis since being stabbed during a tournament in Germany more than two years ago.

Prior to the Navratilova match, Seles will appear at the Special Olympics World Games at New Haven, Connecticut, on July 8, where she will conduct a clinic. No announcement has been made about any WTA Tour events in which she may compete.

No site has yet been decided for the match between Seles and

Navratilova, who retired from the Tour last November.

Seles, at the time ranked No. 1, was stabbed by Gunther Parche during a changeover at a match at Hamburg, Germany April 30, 1993. She has not played competitive tennis since and said the incident "destroyed my life."

Parche was given a suspended sentence by a German court, a decision that was upheld on appeal last March. At the time, Seles wrote a letter to the court, saying, "I only want proper justice. This attack has tremendously and irreparably damaged my life and stopped my tennis career."

Johnson fans 12 in Mariners' win

BALTIMORE (AP) - Randy Johnson struck out 12, including the side in the ninth inning and finished with a three-hitter as Seattle ended its three-game losing streak with a 2-0 win over the Orioles on Monday.

Jay Buhner's two-run homer in the sixth, his eighth of the season, provided Johnson with all the runs he needed.

Johnson (6-0) retired the last 17 batters as he won his eighth straight decision since last July, matching his career high. The victory enabled him to tie Rick Honeycutt's club record for most consecutive wins at the start of a season.

The left-hander walked one and allowed only one runner past first base in hurling his 13th ca-

reer shutout. Johnson lowered his era to 1.83 with his first complete game of the season.

Indians 5, Tigers 0

Orel Hershiser pitched his first shutout in two years, striking out 10, and Kenny Lofton twice led off innings with home runs as Indians won at home.

Eddie Murray also homered for the Indians, who won for the eighth time in nine games and improved the best record in the majors to 25-10, matching the 1996 Indians for the best start in team history.

NATIONAL LEAGUE

Mets 7, Giants 2

Ryan Thompson led off the game with his first homer of the season and a revamped Mets lineup gave Bobby Jones an early cushion as New York won on the road.

Edgardo Alfonzo hit a two-run homer and had an RBI single for the Mets. Thompson, who has played six games since being activated from the

disabled list, added a run-scoring single and Kelly Stinnett had a two-run double on a wind-swept afternoon that turned every popout into an advantage.

Padres 5, Phillies 4

Pinch-hitter Phil Clark hit a bases-loaded single with one out in the bottom of the 10th inning.

The Phillies, who hadn't lost two straight until their 34th and 35th games, a National League record, have now lost four straight.

MONDAY'S AL RESULTS:

Seattle 2, Baltimore 0

Cleveland 5, Detroit 0

Boston 3, California 2

Oakland 11, New York 5

Chicago 5, Toronto 2

Kansas City 4, Texas 1

MONDAY'S NL RESULTS:

New York 7, San Francisco 2

Cincinnati 3, Pittsburgh 2

Atlanta 7, Chicago 5

Boston 6, Florida 5

St. Louis 5, Colorado 5

Los Angeles 3, Montreal 1

San Diego 5, Philadelphia 4

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SHARON AREA

DWELLINGS

RENTALS

'Davar' gets new lease on life

MICHAEL YUDELMAN

DAVAR got a new lease on life yesterday and became the first Israeli newspaper to be owned and operated by its journalists, as the Histadrut signed its ownership over to the paper's journalists and managing committee.

As of yesterday morning, Davar was free of the Histadrut's historical control and became editorially independent, although it will continue to be subsidized by the Histadrut by some \$1 million a year for the next four years.

Davar's new editor-in-chief Ron Ben-Yishai called on young, talented journalists to come work for the newspaper.

At a press conference after the ceremonial signing of the agreement between the Histadrut and the journalists, Ben-Yishai said "we intend to publish a professional, quality morning paper which will address its readers eye-to-eye and not be patronizing."

"Our target audience consists of curious people who are politically and socially involved and want a source of information for decision-making and for determining their own position on the issues at hand. These are people with higher education, employees of middle and higher income, and members of the kibbutz movement."

Ben-Yishai stressed the need for an independent newspaper which is

not owned by a handful of people who also control the rest of the news media, referring to the family ownership of the three major newspapers and their holdings in television's Channel Two.

He would not detail what graphic or other changes he was planning, if any, but said they would not be drastic.

The agreement enabling Davar's continued existence was reached at the end of prolonged negotiations, during which the paper's closure appeared inevitable. Histadrut Chairman Haim Ramon was determined to shut the newspaper down and only its journalists' obstinate struggle for its survival, while continuing to put out the newspaper every day, saved it.

Davar's union chairman Efraim Davidi was the first who conceived of the idea that the workers could own and operate the newspaper, and gradually convinced the others that it was possible, the journalists' representatives said.

By the end of the year the Histadrut will turn over all its holdings in Davar to the workers, who will retain 20% to 40% and sell the rest to business investors.

Ben-Yishai said that Davar, "although it was mourned all year long as a dead horse, already has 10,000 subscribers and will aspire to double this number."



Tel Aviv Mayor Ronni Milo poses yesterday with members of the Comedy Store whose book goes on display during Hebrew Book Week, which opens today at the city's Kikar Malchei Yisrael and other sites around the country. (Ilan Ossendryver/Israel Sun)

IAF hits Hizbullah; businessman assassinated

AIR force jets yesterday attacked Hizbullah strongholds north of the security zone in south Lebanon.

Hizbullah, meanwhile, assassinated a prominent Lebanese-American businessman in Bint Jbeil for "cooperating with Israeli occupation forces."

The air strike included several sorties over the Iqlim el-Tuffah region, targeting Jabel Rafiah and Malita on the Jabel Tsafi ridge. An IDF statement said the pilots reported "good hits."

ALON PINKAS

Lebanese sources in the south reported that at least eight missiles were fired at three separate targets.

The air strike, the 17th since the beginning of the year, followed a three-hour artillery duel between Hizbullah and the IDF and the South Lebanon Army in the eastern and central sectors of the zone.

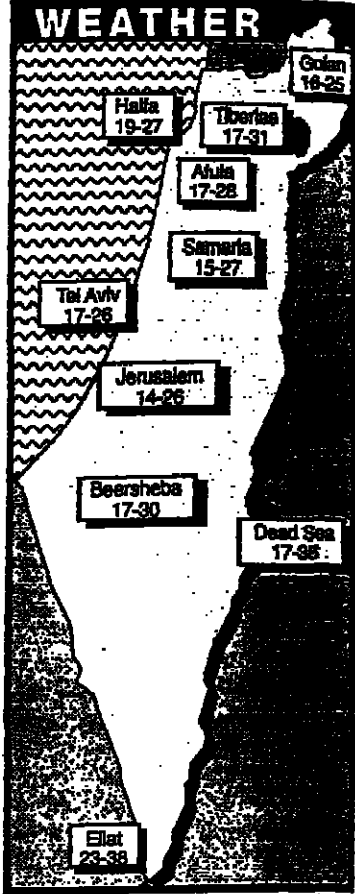
Lebanese-American businessman Lutfi Bazzi, suspected by Hizbullah of collaborating

with the SLA, was killed by a bomb while he slept in his home.

Bazzi, 42, had dual Lebanese and American citizenship, and owned a telephone switchboard linking the security zone with other parts of Lebanon.

In a statement, Hizbullah claimed responsibility for "executing the Israeli agent Bazzi." It said he worked as a security official for the SLA.

Israeli officials would not comment on the killing.



AROUND THE WORLD

AROUND THE WORLD		LOW		HIGH		
		C	F	C	F	
Amsterdam	10	50	20	63	69	cloudy
Bangkok	25	77	30	86	87	cloudy
Buenos Aires	22	72	25	77	85	cloudy
Cairo	19	66	23	83	91	80
Chicago	20	68	23	68	88	cloudy
Frankfurt	19	66	20	68	88	cloudy
Hong Kong	22	72	25	77	85	cloudy
London	12	54	21	70	70	cloudy
Los Angeles	27	81	28	81	84	cloudy
Madrid	27	81	28	81	84	cloudy
Manila	27	81	28	81	84	cloudy
Mexico City	27	81	28	81	84	cloudy
Paris	11	52	20	68	88	cloudy
San Francisco	12	54	23	68	88	cloudy
Singapore	27	81	28	81	84	cloudy
Tokyo	13	55	20	68	88	cloudy
Vienna	10	50	20	63	69	cloudy